

JPRS-UEA-88-012
22 APRIL 1988



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

Soviet Union

Economic Affairs

Soviet Union

Economic Affairs

JPRS-UEA-88-012

CONTENTS

22 APRIL 1988

NATIONAL ECONOMY

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Gosplan, Gosnab Officials on State Orders, Decentralization [V. Smirnov, N. Nesterovich; <i>EKONOMICHESKAYA GAZETA</i> , No 5, Jan 88]	1
Regulations on Production Enterprise Wholesale Price Contracts [<i>EKONOMICHESKAYA GAZETA</i> , No 5, Jan 88]	3
State Acceptance Official on Need for Greater Quality Control [B.S. Migachev interview; <i>KRASNAYA ZVEZDA</i> , 13 Feb 87]	7

PLANNING, PLAN IMPLEMENTATION

Stable Norms, Price Changes, Oil Ministry Fund Use Discussed [G. Zhuk; <i>PLANOVOYE KHOZYAYSTVO</i> , No 1, Jan 88]	9
--	---

REGIONAL DEVELOPMENT

Republic Development Should Complement USSR System [V.I. Vashkelaytis; <i>EKONOMICHESKIYE NAUKI</i> , Jan 88]	13
--	----

AGRICULTURE

FORESTRY, TIMBER

Timber Ministry Official Discusses Second Stage of Restructuring [A. Dirks, <i>LESNAYA PROMYSHLENNOST</i> , 23 Jan 88]	18
Cost Accounting, Self-Financing in Forest Husbandry Discussed [A. Chursin; <i>LESNAYA PROMYSHLENNOST</i> , 14 Jan 88]	19

CONSUMER GOODS, DOMESTIC TRADE

HOUSING, PERSONAL SERVICES

Procedure For Obtaining Housing Loans Given [STROITELNAYA GAZETA, 4 Mar 88]	23
AUCCTU Secretary Clarifies Housing Program Issues [Leonid Kazakov; <i>SOVETSKAYA ROSSIYA</i> , 24 Jan 88]	23

HUMAN RESOURCES

LABOR

Difficulties in Establishment of Cooperatives Outlined [L. Belopetravichus, S. Sukharevskiy; <i>PRAVDA</i> , 1 Dec 87]	28
---	----

DEMOGRAPHY

Statistics on Largest Cities, Capitals Reported [A. Sashin; <i>PRAVDA</i> , 13 Dec 87]	29
--	----

MACHINEBUILDING

ORGANIZATION, PLANNING, MANAGEMENT

Khozraschet Helps Plant Remain in the Black [F. Chernetskiy; IZVESTIYA, 11 Nov 87]	31
Machinebuilders' Conference Emphasizes Sector's Importance	33

TRANSPORTATION

CIVIL AVIATION

Indiscipline, Nepotism Rife in Civil Aviation Ministry [N. Demidov and A. Fedotov; PRAVDA, 27 Dec 87]	34
Il-86 Inflight Engine Failure [I. Lein; PRAVDA VOSTOKA, 13 Jan 88]	37

RAIL SYSTEMS

Moscow Area Rail Services, Capacities Examined [V. Sluzhakov; GUDOK, 16 Feb 88]	39
---	----

ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Gosplan, Gosnab Officials on State Orders, Decentralization

18200083a Moscow *EKONOMICHESKAYA GAZETA*
in Russian No 5, Jan 88 p7

[Article by V. Smirnov, head of a sector at the Scientific Research Institute of Economics of USSR Gosplan and Candidate of Economic Sciences and N. Nesterovich, department head at the Scientific Research Institute of Economics and Organization of Logistical Supply of USSR Gosnab and Candidate of Economic Sciences: "In the Interests of the Consumer"]

[Text] State orders are becoming one of the chief regulators for the state activities of enterprises. But an analysis of economic practice and materials dealing with these matters, published in this newspaper, underscores a divergence of opinion in the understanding of a state order within the concept of restructuring the economic administration and that which is being furnished to the enterprises by the ministries.

Traditional centralized planning for the production of goods in a natural expression has developed based upon the concept of "most important nomenclature." As a rule, this is an enlarged planning item that includes many specific products. In the new economic mechanism, centralized natural planning is based upon a state order. It is obvious that these concepts must not coincide. Unfortunately, they coincided for all practical purposes in practical planning work. The experience accumulated in preparing the 1988 plan revealed rather clearly the desire on the part of the planning organs to reduce the problem to traditional natural planning even when forming a goszakaz [state order]. This was manifested first of all in the fact that at many enterprises a goszakaz fully encompasses the plan and often exceeds the production potential.

In principle, two approaches are possible for forming a state order: from old methods to new ones and from new ones to old methods with some deviations. The first approach is based upon an understanding of a goszakaz as an enlarged nomenclature at the enterprise of a producer (ministry - main administration - enterprise). The second is based upon the fact that a goszakaz must be specific and proceed from a consumer through the planning organs, in keeping with the established limits and on a competitive basis.

First Approach — Enlarged Nomenclature of Deliveries

Practical experience took advantage of the first approach. From the complete production volume based upon an enlarged nomenclature, an attempt was made to eliminate secondary positions while further enlarging

others. The result was as follows. Excessive centralization remained for an overwhelming majority of types of products and this included even intra-ministerial and intra-republic turnover.

Some items which from on high appeared to be of little consequence were excluded from the state order. But since all of the remaining items were included in the order, such an exclusion was deliberately equivalent to terminating the production of the particular products, with all of the attendant consequences for the specific consumers. Thus in 1988 the Riga Freight Car Construction Plant received a goszakaz for the delivery of freight cars. A goszakaz was not established for its partners, who cooperate in the production of electrical equipment for the freight cars. This was the legal basis for not allowing the Riga workers to conclude a contract. The supply of freight cars for the country's national economy was threatened.

The obvious conclusion to be drawn was as follows. Use of the first approach for the formation of a goszakaz would be more decisive. If it was not employed, the lack of balance would be greater than that which existed when the old planning system was used.

The essence of the recommendation consisted of removing from a goszakaz those products associated with resource support for decentralized capital investments and transferring this activity over to the sphere of wholesale trade.

This method could to a certain degree facilitate simultaneously a solution for three mutually related tasks: the state task, wholesale trade in the means of production and resource support for decentralized capital investments for enterprises which have converted over to self-financing.

The decisions already adopted in connection with their priority logistical and other types of support can hardly be considered as successful. Actually, this was merely an administrative step. A chief aspect is its unreal nature; it turns out that resources must be ensured during the second phase for centralized capital investments and current production. The problem concerned with material payment for decentralized sources of capital investments should in our opinion be linked directly to the wholesale trade in means of production. At the same time, this will accelerate sharply a solution for the task of ensuring that the state order encompasses 50-70 percent of the output of enterprises of the processing branches. Otherwise, the idea of goszakaz will remain an empty phrase in future years.

The question concerning the limits of decentralized capital investments remains under discussion. But there can be no doubt regarding their lower limits — this would be modernization and technical re-equipping within the framework of simple reproduction. Resource support for this portion of the reproduction process must

be carried out entirely using decentralized sources. Thus it is our opinion that the centralized plan for the production and funded distribution of the appropriate output, which is assigned by a state order, must be reduced roughly by this amount. Moreover, a portion of the output for resource support of decentralized capital investments can be planned by the enterprises independently, in accordance with horizontal relationships, based upon economic contracts, without any funds or limits and in accordance with contractual prices.

Such output may still turn out to be advantageous to a consumer — higher price, opportunity for selling additional products that were produced based upon a well developed technology and economies in the use of raw materials and deliveries carried out in accordance with suitable schedules. Certainly, a situation cannot be tolerated in which goods are produced to the detriment of a state order. Hence an effective system of fines and penalties is needed for violations of contractual obligations.

Deliveries of products in accordance with direct contracts must be advantageous only when there is a complete guarantee of fulfillment of the state order. For example, when a violation occurs the entire gross profit obtained from sales and the carrying out of contractual deliveries during an accounting period (month, quarter) can be exacted in the form of a penalty. This type of economic measure appears to be more flexible than a direct administrative limitation being placed upon the production of goods in accordance with contracts only following fulfillment of a state order.

Second Approach — Protecting the Interests of Consumers

The essence of the second approach lies in rejecting the concept of the goszakaz being a most important nomenclature, assigning it specific properties and defining the principles for establishing the structure and its formation from the standpoint of a consumer. In our opinion, such an approach deliberately eliminates the inclusion in the order of secondary and unnecessary natural positions and makes it possible to take into account everything that is needed for strengthening economic balance.

It is our opinion that the assignment of an order according to the traditional vertical from a producer is in conflict with the very definition of a goszakaz as an entity that guarantees satisfaction of the requirements. Indeed, in the process there is no consumer throughout the entire chain concerned with the formation and assignment of the order. Once again, there are attempts at achieving a solution with it and without it. And if we turn towards the concept of a radical restructuring of the centralized administration of material and physical proportions, then it is easy to note the basis for movement of a goszakaz from a consumer.

Opportunities are available for this. Understandably, the center plays a decisive role in the formation of a state order. In our opinion, it must consist of the following. First of all, the central organs establish a number of centrally distributed products and issue limits for them. Towards this end, they form the nomenclature for the more important products and they develop the balances and distribution plans for them. Secondly, the center defines and approves a number of priority consumers who are authorized in behalf of the state to issue goszakazes. Finally, the center itself issues goszakazes (in those instances where it is competent to do so) for certain specific products.

A basic question: how to determine the circle of centrally distributed products and the priority consumers?

Another factor is objectively intertwined here. Herein lies the key to the search. For example, the needs for defense are being covered by defense output and the foreign-economic obligations of the state — by products supplied for export. As a rule, clients who are allocated centralized capital investments can lay claim to certain products and so forth. In short, a specific consumer can be determined in many instances (at one or another administrative level). The centralized administration of a goszakaz will then consist of revealing and approving a number of priority consumers and schedules, within the limits of which they are themselves authorized to establish a specific goszakaz with the announcement of a competition. It is clear that the number of priority consumers will include defense consumers, foreign economic organs of the state, the more important centralized construction installations and the organs of public health, education and culture.

In other instances, it is difficult to establish a specific consumer. There may be many of them for a limited range of products. At such a time, the centralized administration of a goszakaz, in our opinion, should ideally be carried out through the issuing of limits for the distribution of the products. The structure for such output will obviously include the output of the basic branches, other products which limit national economic development, important consumer goods and services and goods for individual population groups (children, elderly persons and low-salary categories of workers). Within the framework of a limit, the consumers themselves for their specific goszakaz (not later, for example, than September of the preceding year), one which is mandatory for inclusion in the plan of the producer. The contract concluded subsequently specifies the goszakaz and defines more precisely the schedules and conditions for the deliveries.

A question arises concerning the formation of a goszakaz by administrative levels. This has already been discussed in connection with the central organs. We would merely add that they can fully establish a goszakaz for the more

important specific trends in NTP [scientific-technical progress] (on a competitive basis), the more important specific defense tasks and for the more important tasks for export.

How will the ministries proceed in our opinion? The branch level of administration in the form of a production ministry forms its nomenclature, balances and distribution plans and approves the limits for the nomenclature of its level. The consumer-ministry defines the circle of priority consumers at the branch level who are authorized to establish a specific task. It also issues a specific order for NTP products, for export products and so forth (for which it is competent to do so).

The territorial organs of administration (as producers) approve the limits for the appropriate nomenclature of products. Consumer organs can define the circle of priority consumers and also establish specific goszakazs for products, work and services, within the limits of the rights presented to them (certain consumer goods, products for nature conservation measures and so forth).

In comparing the two approaches, attention should be focused on a number of aspects. The USSR Law Governing an Enterprise calls for mutual responsibility among the parties involved in the establishment of a goszakaz. Such a task is difficult to solve when a task is assigned vertically to a producer. During the formation of a goszakaz from a consumer, the requirement of the law is observed fully, since real contractors enter into the relationship and not legal entities with administrative subordination.

In our opinion, the weakness of the first approach derives from the fact that the danger of production plans being formed for the sake of production is continued here and even strengthened. Here everything that is needed is available. The plan is composed on the basis of an enlarged nomenclature issued from on high — under the guise of a goszakaz. The requests of specific consumers which appear later are forcibly adjusted to the nomenclature plan. In the process, the danger of eliminating an assortment that is unprofitable for a producer is inevitably made stronger.

In the case of the second approach, a producer has no other directive basis for the formation of a production plan, with the exception of a specific goszakaz furnished by a consumer. It is believed that this is especially important under present conditions, with enterprises now being authorized to develop and approve their own plans.

It is our opinion that resource support for a goszakaz must be guaranteed fully: particularly distributed resources — by limits and in the case of the remaining resources — by priorities when concluding direct contracts. Such a task is realistic if the proportion of orders in the sales volume is extremely limited. 7026

Regulations on Production Enterprise Wholesale Price Contracts

18200083b Moscow *EKONOMICHESKAYA GAZETA*
in Russian No 5, Jan 88 p 23

[New statute: "Contractual Wholesale Prices"]

[Text] A temporary method for determining the wholesale prices for new machine building products of a production-technical nature was published in Issue No. 51 of *EKONOMICHESKAYA GAZETA* for 1987 and in Issue No. 3 for 1988 — a method for determining the wholesale prices for products of a production-technical nature for the raw material branches of heavy industry. In this issue, at the request of readers, Statute No. 882 of 29 December 1987 entitled "Statute on the System for the Establishment By Enterprises of Contractual Prices for Products of a Production-Technical Nature and Services of a Production Character," is printed. It was developed in conformity with the USSR law governing a state enterprise and it has been approved by the USSR Goskomsen [State Committee on Prices].

It was placed in operation on 1 January 1988 and it covers all enterprises, associations and organizations which have converted over or which have not converted over to complete cost accounting and self-financing.

1. Types of Products for Which Contractual Wholesale Prices (rates) Are Established by an Enterprise

1.1 In the interest of expanding independence in economic activity, more complete accounting for the individual needs of consumers and stimulating the production of high quality products, associations, enterprises and organizations which carry out their activities on a cost accounting basis and which are maintained on an independent balance (1) are authorized to establish, by agreement with consumer-enterprises (clients), contractual wholesale prices and rates for the following products of a production-technical nature and for services of a productive character.

1.1.1 for new products or basically new products that have been mastered for the very first time and which are intended for series or mass production, for a period of up to 2 years, in accordance with a list established by USSR Goskomsen, using the methods pointed out in Point 2.2;

1.1.2 for new machines and equipment produced on the basis of individual orders;

1.1.3 for products produced on the basis of one-time orders;

1.1.4 for services of a productive character (work of an industrial nature), provided such work is not subject to approval in conformity with existing legislation by the state organs of price formation or ministries (departments). An approximate list of these services is furnished in Appendix 1.

1.1.5 for experimental models (batches) of new products (2), with the exception of those products the prices for which are approved by USSR ministries (departments).

1.1.6 for intermediate products, units, parts and components produced in accordance with technical descriptions for simple consumer goods;

1.1.7 additional payments (allowances) for centrally established wholesale prices, for the carrying out of additional customer requirements in accordance with a change in consumer properties or the completion of products and also in other instances stipulated in the price lists;

1.1.8 for products of a production nature that are produced only for export deliveries, when wholesale prices or differentiated currency coefficients approved in the established manner are lacking;

1.1.9 for new types of secondary raw materials;

1.1.10 for other types of products (services), the right to establish contractual wholesale prices (rates) for which has been granted to enterprises by legislation.

2. System for Determining Contractual Wholesale Prices (Rates, Additional Payments, Allowances) (3)

2.1 Contractual wholesale prices for products of a production-technical nature, established by enterprises, are determined in conformity with a methodology and system adopted by the organs of price formation for the appropriate types of products.

The prices must reflect the socially needed expenditures for the production and sale of the products and their consumer properties and quality. An enterprise is obligated to ensure the economic soundness of prices and the computations for them, leading growth in the national-economic effect compared to expenditures and a relative reduction in product prices for the consumer.

An enterprise bears responsibility for strict observance of price discipline and is obligated to prevent inflated prices. Profit which is obtained unjustifiably by an enterprise as a result of violations of state price discipline and failure to observe the standards and technical conditions is withdrawn into the budget (at the expense of cost accounting income for the collective) and is excluded from the accounting data concerned with plan fulfillment.

An enterprise which tolerated inflated prices and which obtained unjustified profit must pay an additional penalty into the budget in the amount of the illegally obtained profit, at the expense of the collective's cost accounting income. In those instances where a producer has inflated the prices for products (work, services), the consumer is authorized to cancel the contract concluded for the delivery of such products.

2.2 For new products or basically new products mastered for the very first time and intended for series or mass production and for new machines and equipment produced on the basis of new orders, the contractual wholesale prices are established based upon the price levels for similar products and the consumer properties, technical level, quality and effectiveness of use of the new products, in conformity with the system called for in the method for determining the wholesale prices for new machine building products of a production-technical nature (temporary), as approved by Decree No. 760 of the USSR Goskomsen dated 30 October 1987 and the method for determining the wholesale prices for products of a production-technical nature for the raw material branches of heavy industry, as approved in Decree No 858 of USSR Goskomsen dated 16 December 1987.

2.3 For products produced on the basis of one-time orders; for services of a production nature, for intermediate products, units, parts and components for simple consumer goods; for other types of products (services), the right for the establishment of contractual wholesale prices by enterprises is provided for in legislation (Point 1.1.10), provided the prices for them are not established in conformity with these mentioned in Point 2.2. Using methods or other normative documents — the contractual wholesale prices are determined based upon economically sound expenditures for the production and sale of products (carrying out of services) and profitability with regard to production costs, in an amount not higher than its planned level for the current year and for the enterprise as a whole (4).

In the case of temporary planned unprofitability or low profitability for an enterprise and also in connection with the production of goods (carrying out of services) by organizations in which the production costs and profits (subsidiary workshops of organizations and institutes in the non-productive sphere, educational institutes and so forth) are not planned, the profit is defined in the amount of 15 percent of the production costs for the products (services). 2.4 The production cost, taken into account in the contractual wholesale prices, is determined in conformity with the principal statutes for planning, accounting and calculating the production costs for products at industrial enterprises, approved by USSR Gosplan, USSR Minfin [Ministry of Finances], USSR Goskomsen and USSR TsSU [State Statistical Administration on 20 July 1970, with subsequent changes, additions and branch instructions developed in conformity with the mentioned principal statutes.

2.5 The production costs for services of a productive nature do not include the cost of the products, semi-finished goods or materials obtained from a client for processing or repair or the cost of auxiliary materials, units, components or spare parts of the client, regardless of whether or not they were paid for by the enterprise which provided the service, these products, semi-finished goods, materials, units, components or spare parts.

2.6 For experimental models (batches) of new products, the contractual wholesale prices are established in accordance with the system called for in the statute governing contracts for the creation (delivery) of scientific-technical products, as approved in Decree No. 435 of the USSR State Committee for Science and Engineering dated 19 November 1987.

2.7 Additional payments (allowances) for centrally established wholesale prices for carrying out the additional requirements of a client, in accordance with a change in the consumer properties and completion of the products are determined:

— when introducing a change in the completion of products — in the amount of the difference between the completion products replaced, including the transport-procurement expenses, and also the difference in expenditures for the installation of these products, while taking into account the profit computed in conformity with Point 2.3;

— when carrying out the additional requirements of a client in connection with a change in the consumer properties of products and in other instances set forth in the price lists — based upon economically sound additional material and labor expenditures, overhead expenses and profit computed in conformity with Point 2.3, provided another system is not called for by the appropriate price lists or the methods approved by USSR Goskomtsen decrees No. 760 of 30 October 1987 and 858 of 16 December 1987 and other normative documents.

2.8 For products of a productive-technical nature, produced only for export deliveries. In the absence of wholesale prices or differentiated currency coefficients that were approved in the established manner, the contractual wholesale prices are determined in conformity with Points 2.2 and 2.3 of the present statute, while taking into account the level of the contractual price for these products.

2.9 For new types of secondary raw materials, the contractual wholesale prices are determined in conformity with the method involving the establishment of purchase (procurement) and wholesale (market) prices for secondary raw materials, approved in Decree No. 930a of USSR Goskomtsen dated 12 November 1955, with the profit being determined in conformity with Point 2.3 of the present statute.

3. Coordination, Formulation and Changes in Contractual Wholesale Prices

3.1 A contractual wholesale price (rate, additional payment, allowance) is formed by means of a protocol and is placed in operation at the moment the protocol is signed by the leader of the producer-enterprise, provided no other conditions are pending with regard to its being placed in operation.

The recommended form for the protocol, when determining the contractual wholesale prices in conformity with Point 2.3 is attached (Appendix 2).

The protocol is signed by the leader of the producer-enterprise after it has been coordinated with the consumer (client)-enterprise (organization).

The protocol necessarily includes those quality indicators which describe the consumer properties of the product (service).

Coordination can be carried out in the absence of a protocol if the amounts involved in the order for products (services) of a one-time nature are negligible in size. In such instances, the client indicates on the document which formulates the order for the production of goods (rendering of services) that payment is guaranteed.

3.2 When producing goods (performing services) for several enterprise (organization)-clients, the contractual wholesale price is coordinated with the principal client (or several clients) to whom not less than one half of the volume of products produced is to be delivered (or services performed) and the protocol is sent to the remaining clients. If some clients fail to agree with this price, another price level may be coordinated with them.

3.3 In order to coordinate a contractual wholesale price, a producer-enterprise sends the protocol to the consumer-enterprise (organization) (excluding those instances mentioned in Paragraph 5 Point 3.1), together with the materials needed for checking the validity of the price level. The list and the content of the materials presented is determined by the parties involved. Regardless of the method adopted for determining the contractual wholesale price, the consumer (client) can require presentation of the calculations with a justification for the principal items of expense.

During the course of coordinating a price and when needed in response to a requirement by a consumer (client), a producer is obligated to present him, within a 10-day period, with additional materials (over and above those presented with the protocol). 3.4 The contractual wholesale prices for new products or products mastered for the very first time and intended for series or mass production, in accordance with a list approved by USSR Goskomtsen, are established for a period of up to 2 years. Enterprises are obligated to present in a timely manner (not later than 3 months prior to the end of the

effective period for a contractual wholesale price) all materials required for the approval of permanent wholesale prices in conformity with the established system.

For new machines and equipment produced on the basis of individual orders and also for products produced in accordance with one-time orders, contractual wholesale prices are employed throughout the period that the order is being carried out.

For new types of secondary raw materials, the permanent prices for which are approved on a centralized basis, the contractual wholesale prices are established for a period of up to 2 years.

In the remaining instances, the effective period for contractual wholesale prices (rates, additional payments and allowances) is determined by the parties involved.

In the case of contractual wholesale prices which have a limited effective period, the date on which their effective period ends is indicated in the protocol.

3.5 In the event of a violation of the system for the establishment and use of contractual wholesale prices, including the sale of products following the expiration of their effective period, the guilty parties bear responsibility in the established manner.

3.6 Contractual wholesale prices can be reviewed by an arrangement of the parties involved, when introducing changes in the consumer properties of the products (services) and also when changing the centrally approved wholesale prices and other normatives which call for a change in production costs.

3.7 When producing products (performing services) which involve deviations from the consumer (client) requirements, the established contractual wholesale price is lowered by an amount determined by the parties involved.

3.8 Consumer (client)-enterprises are obligated, not later than 20 days following the date on which they receive the protocol with the required materials, to sign and return the protocol to the producer or to present their reasonable objections. If this is not done, the price is considered to have been coordinated.

3.9 The system for organizing the accounting and storage of documents in accordance with approved contractual prices is determined by the leader of an enterprise.

The following became invalidated with the placing in operation of the present statute:

1. Letter No. 10-17/2442-2 of USSR Goskomtsen dated 12 July 1983 entitled "Establishment of Wholesale Prices for Component Parts for Consumer Goods."

2. Letter No. 10-17/2732-2 of USSR Goskomtsen dated 19 August 1986.

3. Branch methodological instructions on the system for approving wholesale prices for semi-finished products, units and parts for intra-ministerial consumption, for products produced on the basis of individual orders, experimental models (batches) of products and also additional payments for wholesale prices for goods, as approved in 1983-1986 by individual ministries by agreement with USSR Goskomtsen in connection with the carrying out of an economic experiment in the branch or the conversion over to the new managerial conditions.

In addition, the following became invalid commencing 1 January 1988:

"Instructions on the system for determining the rates for services of a productive nature," approved by Decree No. 1087 of USSR Goskomtsen dated 1 August 1972.

"Instructions on the system for establishing wholesale prices and norms for the net output of industrial products of a production-technical nature, produced on the basis of one-time orders," as approved by Decree No. 953 of USSR Goskomtsen dated 14 December 1982 and also changes to it as approved in Decree No. 679 of the USSR Goskomtsen dated 21 August 1984;

"Instructions on the system for establishing wholesale prices and net output norms for experimental models (batches) of new products of a production-technical nature," as approved by Decree No. 183 of USSR Goskomtsen dated 9 March 1983.

Appendix 1. Model List of Services of a Production Nature (5)

1. The carrying out of individual types of work (operations) of a technological cycle. For example, the mechanical processing of metals, wood, plastics, the assembly of units and parts, the carrying out of decorative and strengthening processes, thermal processing, the drying out of lumber, painting of fabrics and hides, the cutting and bending of rolled metal, boards, glass, paper and other types of work carried out using special raw materials.

2. Services concerned with the carrying out of repair work.

3. Shipping of freight by rail, maritime and river transport and also loading and unloading operations and other services associated with the transporting of freight using all types of transport, with the exception of shipments, work and services carried out by enterprises, all of which is covered by appropriate price lists.

In the case of specialized transport organizations, contractual rates can be established only for qualitatively new types of freight shipments: with a curtailment in the existing delivery schedules by agreement with the supplier and consumer of the products and also in new types of specialized rolling stock providing a raised degree of protection for the freight (6);

4. Pipeline, conveyer line and suspended transport services.

5. Packaging, wrapping and bottling of products by the producing producing-enterprises of these products, the carrying out of which is not called for in existing normative-technical documentation and the amounts of the additional payments for carrying out the mentioned services are not called for in the appropriate price lists.

6. Services for the issuance of compressed air.

7. Services for the resale (issuing) of water (7) and services for sewerage operations or for individual stages of these services (pumping, purification and others).

8. Laboratory work.

9. Services for the storage, freezing, cooling and defrosting of products.

10. Individual operations in the technological cycle for the production of parts and semi-finished goods for various machines, equipment, instruments and other types of industrial products, carried out by enterprises of the USSR MVD [Ministry of Internal Affairs] in cooperation with the enterprises of other ministries and departments. The criteria for linking them to services of a production nature are defined by the USSR MVD in coordination with USSR Gosplan, USSR Goskomsen and USSR Goskomstat.

11. Other types of work, provided they conform to existing legislation, are not subject to approval by the state organs of price formation or by higher economic organs.

The form for the protocol on the coordination of a contractual price is furnished in Appendix No. 2.

Footnotes

1. Subsequently referred to as "enterprise."

2. Experimental models (batches) of new products are understood to include items produced during stages of OKR [experimental-design work and materials, substances and so forth produced during stages of OTR [experimental-technological work]. Products produced following the acceptance of experimental models (batches) by the acceptance committee are not classified as being experimental.

3. Subsequently referred to as "contractual wholesale price."

4. When approved indicators for determining the mentioned planned profitability are lacking at the moment a contractual price is to be established — based upon the ratio of profitability to production cost for an enterprise and in an amount not higher than its actual level for the past year.

5. In addition to the services and rates approved in conformity with the rights extended by rayon agro-industrial associations, state agro-industrial committees of autonomous republics and the agro-industrial committees of krais and oblasts; services rendered by inter-farm enterprises and organizations and also services of a production nature, furnished by enterprises for providing domestic services for the population and the municipal economy to other state, cooperative and public enterprises, organizations and institutes.

6. The system for the establishment of contractual rates for individual shipments and services associated with shipments carried out by organizations of general use transport is defined in individual documents developed by the appropriate transport ministries by agreement with USSR Goskomsen.

7. When water is obtained by industrial enterprises (associations) from other industrial enterprises (associations), enterprises of the municipal economy and others.

7026

State Acceptance Official on Need for Greater Quality Control

18200080 Moscow KRASNAYA ZVEZDA in Russian
13 Feb 88 p 2

[Interview with Boris Sergeyevich Migachev, chief of the Main State Acceptance Administration of USSR Gosstandart, by Col B. Zyryanov, retired: "State Acceptance: Experience, Problems"; date and place not given]

[Text] Just before 1987 began, the newspaper spoke about the introduction of state acceptance at 1,500 associations and enterprises in the country, about its nature and problems, and about ways of solving them. Time has not only made it possible to gain experience in working under the new conditions, but it has also revealed new problems. This was the topic of an interview with B. Migachev, chief of the Main State Acceptance Administration of USSR Gosstandart.

[Question] Boris Sergeyevich! The CPSU Central Committee and USSR Council of Ministers have adopted a decree on introduction of state acceptance at a number of additional enterprises as of 1 January of this year. This would seem to be related above all to the fact that the past year has confirmed the viability of state acceptance as a realistic and active component of restructuring.

[Answer] Yes, that is true. At this point many people have already become convinced that in taking the examination for quality state acceptance is increasing production efficiency and enhancing the prestige of conscientious work. In the past year a great effort has been made to raise the technical level of products, to strengthen technological and work discipline, and to update some of the outdated GOST's.

State acceptance has revealed a great deal, and in a number of cases made changes in the way economic activity is carried on. To be specific, this is evidenced by the report of the USSR Central Statistical Administration on the results of the 1st half of last year. On the average, state acceptance sent back 90 million rubles worth of goods for additional work every month, that is, it did not accept them on the first submittal.

It has become clear that some enterprises are unable for various reasons to produce a standard product at the given pace. At many enterprises there has been a need to reinstitute inspection and processing operations which previously were omitted to reduce production time under the slogan "Fulfill the plan at any price!" There have also been drops in earnings. This is quite explainable: after all, money is not being paid for correcting defects and additional finishing work.

Credit must be paid to the working class and to work collectives which in the course of restructuring have clearly defined their position: departmental quality inspection is not only necessary, but also economically expedient.

[Question] Quite a bit is being said and written about operation in the new way. And you probably agree that most work collectives, as they make their way through the difficulties and even serious conflicts, have achieved significant qualitative changes in their work with the help of state acceptance. But then there is still no shortage of problems.

[Answer] Of course, there are still problems, even though the general interests and businesslike relations between production personnel and representatives of state acceptance have been moving more and more into the foreground. An example of this might be the Lipetsk petrochemical workers, the Moscow garment workers, the Kiev shoe industry workers, or the Leningrad power machinebuilders. They have appreciably reduced rejects, and there have been fewer complaints. A specific example: in the Moscow "Krasny Proletariy" Machine Tool Building Association losses from internal plant rejects and penalties were reduced by almost 500,000 rubles in the 2d quarter of last year with the active help of personnel of state acceptance. Another 3.25 million rubles were saved by reducing the labor intensiveness of start-up and adjustment work on the premises of consumers who acquired machine tools with numeric programmed control and flexible production modules.

Approximately one-fifth of the most important and sophisticated products from various branches were covered by state acceptance in 1987. In the country as a whole our service has prevented delivery of about 10 billion rubles of substandard products to consumers.

Now about the problems. The main one is raising the technical level of production and workmanship at industrial enterprises, changing people's psychology, orienting them toward manufacturing only high-quality products.

[Question] But what is standing in the way of the effort, what is causing alarm?

[Answer] The state of the inspection department at a number of plants and factories is causing alarm, for example. It is a great pity that not all OTK's are fully staffed. The enterprise management has not always been fair in settling questions of remuneration of inspectors and payment of bonuses to them. As a consequence, there have been inevitable difficulties attracting experienced production personnel to work in the OTK.

There is also this kind of paradox: wherever there are representatives of state acceptance, the inspection department of the plant itself is very poorly staffed. Let state acceptance, they say, concern itself with the problems of product quality. This is a very dangerous mistake. It is harmful to our common cause and hinders the output of products in strict conformity with the requirements of GOST's.

There have been cases when manufacturers of defective products have deceived state acceptance, and there have also been attempts to put pressure on it. There have even been such degenerate things as pronouncement of party punishments against state acceptance directors when they did not deserve it. This has occurred at "Mogilevselmash," the Krasnoyarsk Aluminum Plant, and certain others. Justice was restored, but attempts to get around the requirements of the extradepartmental inspection department and to put pressure on its representatives have persisted.

[Question] The Law on the State Enterprise (Association) took effect as of 1 January, and many collectives have begun to work and to live in the context of full cost accounting (khozraschet), self-financing, and self-management. This will unquestionably increase their economic responsibility for the quality of the products they produce. At the same time, as of 1 January state acceptance broadened the sphere of its activity. Isn't there a contradiction here?

[Answer] Let us analyze it. As a matter of fact, under the conditions of cost accounting, self-financing, and self-management economic instruments for improvement of product quality and for increasing its engineering and technical level and competitiveness not only on the domestic market, but, if you like, also on the world market, have been advanced into the foreground for enterprises. Only sound products can be sold successfully and yield profit. Ultimately, the winner will be the person who makes more, makes it better, makes it cheaper, and makes it on time. Quality must prevail over quantity, since ultimately quality means an additional quantity. That is exactly what is meant by Lenin's famous expression "it is better that there be less, if it is better."

[Question] But how is state acceptance involved?

[Answer] It has been and still is not only a "barrier" against rejects, but also an active helper in improvement of technology and in organizing projects which contribute directly to the campaign for making high-quality products. It is cost accounting that intensifies the need for the preventive work of state acceptance. In the context of the new stage of development of our economy there is also a growing need for high engineering competence and for an improved scientific methodology for defect-free production and, of course, for product inspection. In this respect, state acceptance departments are called upon to take an active part in preparing the technological and design documentation and in conducting various types of tests of the new product before it is put on the assembly line.

[Question] Next year there will be 732 new state acceptance departments added. What will this look like in practice?

[Answer] Previously, we were inspecting 20 percent of industrial output, including 60 percent of the products of machinebuilding, 40 percent of metallurgy, the chemical industry, and the petrochemical industry. Here is another breakdown: 85 percent of the trucks and 30 percent of the automobiles, more than half of the metal-cutting machine tools, almost all types of tractors, 87 percent of the equipment for animal husbandry and animal feed production. State acceptance is inspecting many types of equipment used in the household.

Now extradepartmental quality inspection is being extended to all automobiles and trucks, buses, tractors, sophisticated household appliances, almost all (94 percent) metal-cutting machine tools, and a substantial portion of computer equipment (about 74 percent).

It should be recognized that when many types of finished products are placed under control, our department and industrial ministries have not provided the requisite checking of components and materials. Here is an example: in the 1st half of 1987 POZIL rejected 100 percent of the "35" steel received from the Kuznetsk Combine of

USSR Minchermet. A cover is being extended over bad cases like this: state acceptance is being introduced at 314 enterprises which are suppliers of materials and components. Extradepartmental quality inspection is also being introduced at another 309 plants and factories producing products of great importance to the national economy and consumer goods.

We are extending our coverage to the production of flour, rolled grains, macaroni products, packaged tea, vegetable oil and butter, cheese, canned fruit and vegetables, which state acceptance was not previously concerned with. For the first time our representatives are also being assigned to 72 enterprises in the construction industry....

07045

PLANNING, PLAN IMPLEMENTATION

Stable Norms, Price Changes, Oil Ministry Fund Use Discussed

18200078a Moscow PLANOVYE KHOZYAYSTVO in Russian No 1, Jan 88 pp 39-44

[Article by G. Zhuk, chief of the financial administration of the USSR Ministry of the Petrochemical Industry, candidate of economical sciences: "Economic Normatives in Action"]

[Text] In keeping with the USSR Law on the State Enterprise (Association), the proportion of profit used for expanded reproduction of fixed capital, social development, and material incentives for labor collectives is formed according to stable norms in effect over the long run. They serve as one of the economic levers for centralized management of the enterprises.

The system of economic normatives includes: payments for production capital, normatives for distribution of profit, deductions into the economic incentive funds, amortization deductions, and also interest rates for credit, wholesale prices, and fines.

The utilization of economic normatives requires close interaction with generalizing and fund-forming indicators. An analysis of the previous mechanism for economic incentives show that the effectiveness of the functioning of the economic mechanism could not be evaluated correctly according to the fund-forming indicators alone: labor productivity and production cost. While they are an important instrument for monitoring the effectiveness of the operation of the enterprises, they do not embrace all aspects of economic activity. When they are used as fund-forming indicators the enterprises strive to reduce expenditures on the manufacture of products and increase the output of goods per one worker. But it is no less important to increase the output of products per unit of production capital and to utilize

all the material resources brought into production with the maximum return since a correct evaluation of the enterprise's activity depends on this.

With respect to the conditions for the development of the petroleum extraction and petroleum processing industry, like other branches of the national economy, it is becoming more important to substantiate the generalizing (fund-forming) indicators. Today as in the future it is difficult to count on an additional influx of petroleum raw material, but more and more petrochemical products will be required. Therefore the old criteria for evaluation, which were based on commodity output, impede the achievement of the goal that has been set. For example, the indicator of labor productivity calculated according to commodity output does not reflect the national economic significance of the utilization of petroleum resources. And yet increasing the depth of processing of petroleum by only 1 percent makes it possible to reduce capital investments in extraction of it by approximately 2 billion rubles. This is why it is necessary to stop calculating generalizing indicators according to commodity output.

In order to evaluate the growth rates of the volume of production, labor productivity and the formation of the wage fund it was suggested that one apply the indicator of net output, and the economic incentive funds could be formed on the basis of the net (calculated) profit.

The net output indicator characterizes the economic effect of expenditures. Attempts to use it at the level of the enterprises has not been successful because of the complexity of operational accounting for material expenditures. The methods of planning and accounting for net output prepared in the USSR Ministry of the Petrochemical Industry contributed to overcoming these difficulties. The volume of net output (CP) at the present time is determined according to the formula: CP equals TP + OT - (MZ + AM), where TP—commodity output in existing prices adopted in the plan; OT—volume of expenditures on new technical equipment and increased expenditures during first years of series production of new kinds of products financed from fund for development of production, science and technology; MZ—material expenditures; AM—amortization deductions for production expenditures.

With this approach to determining this indicator, on the one hand, the assimilation of new products is encouraged and, on the other, reserves of incomplete production are reduced.

Evaluation of activity according to net output directs the enterprises towards the fulfillment of contractual commitments with minimum expenditures, that is, the anti-cost mechanism goes into effect.

It is also important to select indicators to which one can link economic normatives when forming incentive funds.

An analysis of the structure of production capital, the labor-intensiveness of the products that are produced and the level of wholesale prices in industry shows that, in addition to net output, in order to measure the effectiveness one can use the indicator of net (calculated) profit (P_c): P_c equals $P - FN_p$, where P—profit from product sales, F—value of production capital; N_p —norm of payment for funds.

The indicator of net profit is determined as the difference between the prices, on the one hand, and the production cost and normative payments for the utilization of production capital, on the other, which makes it possible to create a dependency between the criterion of effectiveness and the source of the incentive. For the amount of net profit is influenced by indicators of the growth of labor productivity, efficient utilization of production capital and material resources, updating of products, and improvement of their technical level.

Net output (as distinct from commodity output) is linked to profit and therefore production outlays affect it. Thus it reflects the volume of production linked to savings or overexpenditure of raw materials, processed materials, energy or labor resources, or a higher level of utilization of fixed capital per worker. For the ministry as a whole during the first quarter of 1987 labor productivity according to this indicator increased by 1.1 percent, and according to commodity output—by 1.5 percent. Consequently, with the old evaluation indicators in effect higher growth rates were achieved for fulfillment of the plan.

Stable economic normatives were adopted in 1987 at enterprises that had changed over to complete cost accounting. Critical remarks about their quality are being made in the press, particularly their weak stimulating role. In our opinion, these remarks are justified. But, as was shown by the experience in developing economic normatives in the petroleum processing and petrochemical industry, it is not always possible to make them the same for the various years of the five-year plan or to use them to provide for uniform interest in profit and complete satisfaction of the needs of each enterprise for financial resources.

The fact is that economic normatives were determined on the basis of the five-year plan that was already approved. For example, the amounts of incentive funds were considered according to fund-forming indicators (the material incentive fund—from the reduction of expenditures per ruble of commodity output); the fund for social development—from the growth of labor productivity (whose dynamics do not in all cases coincide with an increase in profit). Hence the proportion of these funds in profit (if the amount previously assigned to the enterprises are not revised) could not be the same throughout the various years of the five-year plan.

Normatives of payments into the budget were also determined as residual for the ministry, which required the development of numerous normatives for each enterprise (see table).

(in percentages)

Normatives of Deductions From Calculated Profit for Enterprises	Number of Enterprises	Overall Profit	Profit Remaining With Enter- prises
15-30	21.4	51.3	18.9
30-40	13.3	15.2	13.0
40-60	24.3	17.4	34.0
More than 60	41.0	18.7	34.1

As one can see from the table, a number of enterprises and associations do not have cost-accounting incentives for overfulfillment of the assignments of the five-year plan since their profit from each ruble earned is only 15-30 kopecks. Others, on the contrary, are left with too large an amount (more than 60 percent). These enterprises comprise 41 percent in the branch, but they obtain only 18.7 percent of the profit.

In order to provide justification for the distribution of profit it is envisioned within the five-year plan to distribute it according to approved stable normatives. Profit obtained in excess of the plan should be distributed according to a single average branch normative. Then each enterprise will be able to form economic incentive funds depending on the results of fulfillment and overfulfillment of the five-year plan.

In the process of developing economic normatives shortcomings were revealed in the substantiation of prices. For example, for petroleum products they are established on the basis of socially necessary expenditures for initial processing of petroleum. Correspondingly, the enterprise with a prevalence of initial processes for processing petroleum (for example, the Kirishinefteorgsintez PO, the Ryazan NPZ and others) receive excessive profit with a low normative and, conversely, secondary processes of processing petroleum raw material are less profitable or are carried out at a loss. Therefore under the conditions of the limited supplies of petroleum raw material the prices should be determined on the basis of expenditures associated with the performance of secondary processes of processing, and in order to level out the initial processes one should apply fixed payments. And since under the conditions of self-financing the main fund-forming indicator is the calculated profit, in order to determine unified normatives for the formation of the economic incentive fund in the subbranches with different levels of capital-intensiveness and wage-intensiveness, the model of the wholesale price (C_{op}) should be constructed according to the formula C_{op} equals $S + (R_1 F + R_2 Z_p)$ plus or minus gDP, where S —average branch production cost; R_1 and R_2 —normatives of profitability according to production capital and wages; S —proportional production capital; Z_p —proportional wages; gDP—incentive increments and rebates to wholesale prices.

In such a model of the wholesale price the created profit, depending on the capital-intensiveness, is called upon to

provide the normative of payment for production capital (6 percent annually) and the formation of the fund for the development of production, science and technology. The latter, according to preliminary data for the 13th Five-Year Plan, should amount to from 10 to 15 percent for individual subbranches (price lists) of the ministry and the profit calculated from the wages will provide for the formation of the funds for social development and material incentives, whose normative will be in the range of 80-100 percent of the wages.

As concerns additional profit (gDP), it should depend on the amount of the cost-accounting effect for the consumer. Here the payment of an incentive increment should be spread out, on the basis of the profit actually received and not the calculated effect.

If by the fault of the manufacturer the amount of the actual effect turns out to be less than calculated, the increment is not included or is paid in a reduced amount. This policy is stipulated in the agreement for the delivery of products. The proposed plan for checking the level of contractual prices will make it possible to switch from payment for the calculated effect to the actual effect and to increase the responsibility of the manufacturer for the effectiveness of new technical equipment since under the new conditions the consumer is using his own funds to pay for the equipment that is required, which should be recouped through the economic incentive funds.

When developing economic normatives the profit of individual enterprises was distributed on the basis of the economic nature of the payments and the required cost-accounting income. This provided for equalizing the economic incentive funds during the period of increased demand for financial resources in order not to allow an excessive growth (reduction) of them but at the same time to retain their stimulating influence.

In our opinion, the problem of equalizing economic normatives can be solved through financing individual objects from the ministry's centralized fund. To do this it would be necessary to withhold considerably more profit from the enterprises and deposit it into this fund.

But such proposals should be carefully analyzed since the mechanism of self-financing requires new solutions to the problem of financial-credit relations in the branch.

One of them is the formation of a centralized fund and reserves of the ministry, either from all enterprises (according to a unified normative) regardless of the level of their profitability or through concentration of the funds of highly profitable enterprises. In our opinion the latter path is preferable. If the former variant is selected, it would be necessary to release a number of enterprises from payment for funds or to give them subsidies while others would have a high quota of payments into the budget which would have a negative effect on the motivation of the enterprises to obtain above-plan profit.

The creation of a system of normatives for forming the fund for the development of production, science and technology opens up new possibilities of reproduction of fixed capital through amortization deductions and profit. When developing normatives for the formation of this fund one can proceed from the following methodological preconditions: to divide the financing into simple and expanded reproduction of fixed capital; to take into account the specific role of amortization deductions in economic circulation and also to establish the speed of turnover of the active and passive parts of production capital. The responsibility of the enterprise for simple reproduction of fixed capital still does not mean that it must have all of the amortization fund at its disposal. Calculations of normatives have shown that it is sufficient for the enterprise to have part of the amortization deductions for renovation. But it is difficult to calculate this part. Actually, throughout the USSR Ministry of the Petrochemical Industry amortization deductions left at the disposal of the enterprise amounted in 1987 to 79.5 percent, 1988—76.1, 1989—72.9, and 1987-1990—76 percent.

Unfortunately, there are no criteria for differentiation of normatives of deductions for the various enterprises. Certain enterprises finance only technical reequipment and reconstruction from the fund for the development of production, science, and technology while others also finance expanded construction and the repayment of long-term credit. Therefore at enterprises that are carrying out expanded reproduction of fixed capital (particularly through credit) and also at less profitable enterprises, the entire sum of amortization for renovation should be deposited into the fund for the development of production, science and technology. For the other deductions the proportions of amortization should be calculated according to established normatives. These deductions should not exceed the volume of capital investments intended for technical reequipment and reconstruction. And the second part of the fund should be formed from profit left at the disposal of the enterprise.

The amount of the normatives based on current needs requires refinement, especially in such branches as petroleum processing and the petrochemical industry. Apparently the "peak" volumes of capital investments associated with reconstruction and expansion of production

can be financed through centralized amortization deductions of the branch, which would contribute to stability of the economic normatives. The enterprises should have the funds necessary for renewal (in terms of value) of mainly the active part of fixed capital.

The experience in the development of economic normatives has made it possible to draw a conclusion: in order to maintain simple reproduction of the active part of fixed capital through technical reequipment and reconstruction, the enterprise, as a rule, does not need the entire sum of amortization deductions for renovation. This is conditioned by the fact that the amortization fund at any moment exceeds the need for financial expenditures to make reimbursement for means of labor that have been withdrawn. Therefore simple reproduction of the active part of fixed capital should be financed directly by the enterprise. As a result, under the 12th Five-Year Plan the branch will be able to save about 300 million rubles annually.

According to the provisions concerning normative distribution of profit, part of it (obtained or paid in the form of economic sanctions) remains at the disposal of the enterprises or is covered from internal profit. This has a significant effect on the amount of the calculated economic incentive funds.

At the present time there are more than 100 normative acts in effect which were introduced under the conditions of administrative methods of management and envision various economic sanctions. Some of them are applied for violations by the enterprises of deliveries and commitments, which cause a certain amount of harm to other enterprises and they have a compensatory nature. Therefore the payment of this kind of fines, penalties and forfeitures from profit left at the disposal of the enterprise is economically justified. At the same time the enterprises pay large sums of fines which, as a rule, go into the state budget. This does not affect the cost-accounting rights and interests of other enterprises but under the conditions of complete cost accounting it has a negative effect on the results of their financial activity. In 1986 enterprises of the USSR Ministry of the Petrochemical Industry paid a total of 46 million rubles in these fines, or about one-third of all the financial sanctions. Thus the enterprises pay fines in the amount of 50 percent of the value for violating schedules for the delivery of prepared products. Therefore when the basic indicator of their work became the fulfillment of contractual commitments by 100 percent, there could hardly be a question of giving priority in delivering products to certain enterprises at the expense of others.

For above-normative utilization of energy bearers the enterprises pay 5-10 times the amount of the rate. At the same time the USSR Ministry of Power and Electrification and the USSR Ministry of Railways are released from reimbursement of losses caused by them. For example, enterprises of the Kuybyshevnefteorgsintez PO

during the first quarter of 1987, by the fault of thermo-electric power stations located in Novokuybyshev and Syzran, sustained losses amounting to 18 million rubles and obtained compensation in the form of fines of only 2.2 million rubles. Here, as we can see, the lack of coordination of economic sanctions deprives individual enterprises of the possibility of obtaining economic incentive funds even in a minimum amount. Therefore it is necessary to regulate more rapidly the entire system of existing economic norms in connection with the changeover of enterprises to complete cost accounting and self-financing.

The intensification of production and the acceleration of scientific and technical progress placed new requirements on the material incentives for the workers. Incentives for highly effective labor are included primarily in the process of forming the fund for payment for labor, which consists of the wage fund and the material incentive fund. The predominant one is the wage fund. At enterprises of the USSR Ministry of the Petrochemical Industry it comprises the following amounts of the payment for labor: 1987—87.8 percent, 1988—87.3 percent, 1989—86.8 percent, and 1990—86.2 percent.

At petroleum processing and petrochemical enterprises the wage fund is formed on the basis of the base fund and the sum of its increase (reduction) calculated according to the normative for each percentage of increase (reduction) of the volume of net output. For enterprises of the USSR Ministry of the Petrochemical Industry the normative for increase in the wage fund has been set at 0.46 for each 1 percent of growth of the net output, differentiated for individual enterprises within the range of from 0.3 to 0.5, but for the majority of enterprises it is 0.4. This policy creates confidence in the labor collectives that the fund can be increased only by increasing the volume of net output, that is, the collective must earn it.

A special place in the system of economic relations of "branch-region" is occupied by norms for payments into the local budgets. In essence, such deductions should provide for reproduction of the resource potential of the region or the city. The changeover of relations between the enterprises and the local budget to an economic basis consists not only in transferring part of the profit, but also in making sure that a certain amount of the budget of local soviets is arranged on a normative basis and is directly linked to the results of the work of the enterprises that are located on the territory under its jurisdiction. The amounts of the norms suggested by the local soviets of deputies are approved by the ministry in an amount of no more than 10 percent of the calculated profit. For all the enterprises at the ministry on an average this amount is 2 percent and it ranges from 1 to 10 percent. In many cases the norms are established arbitrarily, that is, there is no optimal normative ratio when distributing profit between the state and local budgets. In our opinion, the amount of norms for deductions into the local budgets should be determined in percentages of the wages.

Apparently it would be expedient to create norms for the formation of the fund for payment for labor and to develop principal approaches to scientific substantiation of the amounts of economic norms taking into account the specific features of individual branches of the national economy and determine the methodological instrument which can be used to embody theoretical recommendations in practice.

COPYRIGHT: Izdatelstvo "Ekonomika". "Planovoye khozyaystvo". 1988

11772

REGIONAL DEVELOPMENT

Republic Development Should Complement USSR System

18200085a Moscow *EKONOMICHESKIYE NAUKI in Russian* No 1, Jan 88 pp 35-42

[Article by Vitautas Ionovich Vashkelaitis, assistant professor, Candidate of Economic Sciences and scientific worker at the Institute of Economics of the Academy of Sciences of the Lithuanian SSR, Vilnius: "A Union Republic in the Country's Unified National Economic Complex"]

[Excerpts] A most important characteristic of the economics of developing socialism is its conversion into a complex dynamic system — the country's ENK [yediny narodnokhozyaystvennyy kompleks; unified national economic complex]. Today the union republics included in this complex appear as very important elements in the territorial organization of social reproduction.

The implementation of a strategic program aimed at accelerating the country's socio-economic development necessarily requires a restructuring of the entire system of territorial administration and the carrying out of a new regional economic policy (1). The ignoring of regional peculiarities and differences and the lack of attention to regional economic interests, which took place during the preceding period, aroused contradictions between the accumulation and utilization of scientific, technical and production potential not only in individual regions but also throughout the entire national economy.

At the present time, the economic science is confronted by the task of studying thoroughly the true reproductive processes taking place in regional economics and their conformity (or disparity) to the objective laws of socialism, analyzing those contradictions associated with the peculiarities in the socio-economic development of regions and developing practical recommendations for raising the level of balance within the ENK.

A union republic appears as a most important element in the hierarchical system of the country's national economic complex. The position occupied by a union

republic in the structure of social reproduction transforms it into a subject of socialist management. The problem of a union republic as a specific subject of management has still not been raised in literature. Meanwhile, until this is done it will be impossible to reveal the process involved in the formation of specific stimulating managerial motives at a given level, to outline the framework for the economic competence of republics, to define the forms and methods for realizing it or to solve the task concerned with "achieving an optimum combination of branch and territorial economic management, the all-round economic and social development of republics and regions and the organization of efficient inter-branch relationships" (2).

The specific nature of a union republic as a subject of management is manifested in the following:

1) in the level of development, in the structure and organization of productive forces, in the peculiarities involved in the manifestation at the regional level of the socialist production relationships conditioned by the territorial natural-resource and socio-economic environment, in the regional specifics associated with utilization of the economic laws of socialism and also in the functioning of the economic mechanism;

2) in the character of the economic status of a union republic within the ENK framework: as a component part of the latter, it is guided by the overall national economic interest and as a relatively independent subject of management it must satisfy its own economic interest, which consists mainly of the need for all-round development of the economy. The essence of the executive and administrative control functions in a union republic (owing to its state-legal nature), from an economic and social standpoint, is considerably more broad than that for individual administrative-territorial units;

3) in the specific peculiarities involved in the relationships of socialist ownership at a union republic level: the all-round development of its economy requires independence in the organization of production and, it follows, in the carrying out of a number of functions concerned with the distribution and utilization of the funds for social reproduction, in the interest of strengthening territorial cooperation in labor. The participation of territorial elements in the creation of a regional production, scientific-technical and social infrastructure, in organizing the efficient use of local resources, in protecting the environment and so forth, which is based upon an expansion in the rights and responsibility of the republic organs of administration, appears as a specific form for realizing the relationships of national ownership, while taking into account the overall and local conditions and the true economic situation.

In viewing a union republic as a subject of socialist management, it should be emphasized that certain special republic production relationships do not exist and that there are only peculiarities in the manifestation of

socialist production relationships at the union republic level. Its economic mechanism is an inherent product of the entire system of socialist production relationships which have developed at the republic level and which manifest themselves specifically during the process of production, distribution, exchange and consumption.

As a specific subject of management and within the limits of its own economic competence, a union republic interacts with the organs of authority and administration for the entire country, in the interest of ensuring the all-round economic and social development of both the union and republic economies. An increase in the role played by a union republic as a managerial subject is determined not only by the volume of the resources concentrated in it, but also by an expansion in the opportunities for utilizing all national property.

In addition to its peculiarities, the economics of any region are characterized by general laws concerned with functioning with the ENK system, as borne out in the speeches delivered by M.S. Gorbachev during his trips to various regions of the country. Here a chief consideration is the fact that the economy of each union republic must be transformed into a highly efficient national economic complex that is organically included in the system for all-union and international division of labor, with its own large-scale resource and scientific-production base, optimum economic structure and developed social sphere (3).

The existing national economic complex of a union republic bears the imprint of the historical peculiarities of its formation.

A most important principle concerned with the formation and functioning of the national economic complex of a union republic is the merging of territorial specialization with the all-round nature of development. The territorial-production structure of its economy is dictated not only by intra-republic factors but also by the requirements for a planned centralized distribution of productive forces throughout the country as a whole and for the establishment of important proportions for the regional structure of social production which conform to the inter-republic (inter-regional) relationships and contacts. The development and strengthening of branch division of labor brings about intensive changes in the territorial distribution of productive forces. However, if the branch division of labor is based mainly upon taking into account the technical, technological and other intra-branch peculiarities of production and ensures growth in the socialization of production from a "vertical" standpoint, then the territorial organization of production is developed taking into account the socio-economic, historical and natural regional conditions and promotes the socialization of production mainly from a "horizontal" standpoint.

Modern growth in the concentration of production (absolute and relative), which takes place mainly based upon the development of a singular capability for the means of labor, makes it possible to have a singular division of labor directly at the public level. A production structure is formed which functions on the basis of detailed, technological and functional forms for specialization and horizontal (cooperative) production relationships which unfold at the branch and territorial levels. The initial structure-forming element of industrial production in this instance is not the individual enterprise, which assumes various types of production, but rather the production operations themselves, which are based upon leading equipment and technologies and which have been raised to their optimum values. As a result, the branch form for production organization is transformed into the territorial-branch form.

Large-scale production and scientific-production associations that are capable of independently carrying out the tasks of expanded reproduction and social development are becoming the primary elements for the territorial-branch organization of production (4). The conversion over from the "dot" (or dispersion) principle of production distribution to distribution by stages and the movement into the foreground of more complicated territorial-branch forms are creating opportunities for a maximum intensification of social production.

Following completion of the formation of a profiled territorial-branch complex in the republics, the trends towards an intensification in the use of accumulated production potential are becoming stronger. The principle of all-round utilization of available raw material, power engineering, labor and other resources, based upon efficient production distribution and specialization, is beginning to play a greater role.

At the present time, the union republics are confronted with a number of complicated problems concerned with improving the all-round nature of development. They are associated with a lack of completeness in the process of concentration and specialization from a branch aspect and especially from an inter-branch and territorial aspect and with inefficiency (from the standpoint of scales and internal structure) on the part of a number of production associations. Territorial-branch technological specialization in the production of products for general industrial (general machine building) use, based upon concentration and cooperation and the creation and development of basic enterprises and production operations must be developed in a consistent manner. This requires the establishment and observance (based upon a maneuvering of resources) of priorities in the distribution of limits for capital investments and labor, material and other types of production resources in behalf of the specialized enterprises of profiled branches; the completion of the formation of new production associations, while taking into account the territorial-branch peculiarities and improving to the maximum degree the structure of the profiled production capabilities of associations that have

already been created and while orienting them towards completion of the reproductive cycle "study - development - production - consumer service; developing detailed (unit) and especially technological specialization and cooperation in the principal production operations; creating common auxiliary and production servicing operations for a number of enterprises (associations), while taking into account an efficient combination of the branch and territorial principles for its organization.

Under modern conditions, one of the principal criteria for effectiveness in the organization of social production (including at the union republic level) is the ability to achieve an acceleration in scientific-technical progress. "The task of solving the problems concerned with regional scientific-technical policies, including the equipping of enterprises with modern equipment and taking into account the operating conditions in this region" (5), as noted by M.S. Gorbachev, has its own considerable specific nature.

The implementation of a unified regional scientific-technical policy which is organically added to a unified national economic scientific-technical policy and which at the same time reflects the peculiarities involved in the formation and functioning of a republic's scientific-technical potential and the tasks for developing the latter — is one of the basic principles for rationality in regional economics under modern conditions.

The processes involved in production intensification and in the use of scientific-technical potential are closely interrelated. The most important components of the latter appear as follows: from a functional standpoint — achieving balance in the stages and elements of the reproduction process ("study - development - mastering of new equipment); from a branch standpoint — implementation of profiled development of the scientific-technical potential in conformity with the production specialization of a republic; from an organizational standpoint — achieving all-round utilization of the mentioned potential and the conversion over from simpler to more complex structures in its development. The efficient use of a republic's scientific-technical potential requires the development of scientific-production integration, oriented towards the regional problems of reproduction.

Regional problems occupy a leading position in the radical reform being carried out at the present time in conformity with the decisions handed down during the June (1987) Plenum of the CPSU Central Committee and in the qualitative changes taking place in the economic mechanism system, all of which are opening up new opportunities for utilizing the advantages offered by the socialist system. New approaches are needed for the regional system of administration. As noted by N.I. Ryzhkov, "a need exists for a type of relationship in

which the economic and especially the social development of each oblast, kray and republic will be established in close interrelationship with the operational results of all enterprises located in the particular regions" (6).

The new approaches for the regional system of administration consist of ensuring that the "work of the territorial organs is concentrated mainly upon the problem concerned with the all-round development of the region and more efficient use of local resources — labor, natural, production and economic (7). Here we have in mind an improvement in the organizational role played by the republics and oblasts in solving their economic, social and nature conservation tasks.

In the decree handed down by the CPSU Central Committee and the USSR Council of Ministers entitled "Improvements in the Work of Republic Organs of Administration," it is pointed out that the "union republic councils of ministers, being higher executive and administrative organs of state authority for the union republics, ensure the comprehensive development of productive forces and all-round solutions for the economic and social tasks on a republic's territory and bear responsibility for the status and development of their national economy" (8).

In order to solve these tasks, basic changes are needed in the chief element of administration — planning the economic and social development of the union and autonomous republics, krais and oblasts. A new development here is the fact that the plans must be comprehensive in nature and encompass all of the associations, enterprises and organizations located on a given territory, regardless of their departmental subordination" (9). A substantial expansion is needed in the coordinating and controlling functions of the gosplans of union republics and soviets of people's deputies, which must have direct authority over the management and distribution of the labor, financial and logistical resources.

A system for planning and administration in a union republic must ensure the following: durability, programming and completeness in its development; unity in the regional strategy for socio-economic and scientific-technical development and tactics, optimum regional policies; functioning of the organizational-economic mechanism for implementation of the strategies and tactics that have been developed.

Programmed-special purpose economic planning for the union republics and the conversion of special purpose programs into a leading element for plans are promoting the taking into account and merging, to an equal degree, of the territorial and branch interests and relationships, thorough working out of the special purpose aspect of the plans, variations in the solutions and concentration and rationalization in the use of resources. A definition of the structure and content of the republic special purpose all-round programs, special purpose indicators, the structure and organizational stages for their formation

and coordination of the scientific-technical programs with the existing system of plans, balances, indicators, norms and normatives assume the use of appropriate methodological means. We would emphasize that the program-special purpose method and the development of programs must not be viewed as an alternative for territorial-branch planning.

The sphere for the implementation of programs and for their number reflect the overall concept for the development and organizational administrative structure for social production not only for an individual union republic but for the country's entire ENK [unified national economic complex].

In following the path leading to a basic restructuring of the system of planning, use must be made of scientifically sound methodological means for searching for, selecting and evaluating priority regional problems and the methods to be employed for their programmed solutions; the structure and organizational-functional stages in the development and implementation of republic special purpose all-round programs must be standardized, they must be coordinated with the plans for science and engineering and also with the plan for a republic's economic and social development. The sphere of normative planning must be expanded and the annual plan as a separate and independent form for centralized planning must be rejected. Its principal form must become the five-year plan, the stability of which is based upon the stability of conditions which establish the distribution of the production resources required for an enterprise (labor, material) and also upon profits, the funds for economic stimulation and wages and upon the availability of reserves for production capabilities, which make it possible to carry out the required corrections to a plan with no changes in the proportions set forth in it.

"Certainly, the social sphere is a most important object of territorial administration" (10). Among the problems concerned with social development, the food and housing problems, satisfaction of the population's requirements for consumer goods and also nature conservation are considered to be of a priority nature.

The social development of a union republic is recognized as being a separate and large problem. While not giving it special attention, we nevertheless note two new, and in our opinion, most important approaches for solving it under the conditions imposed by a radical restructuring of economic administration.

The essence of the first solution is such that relationships between the all-republic (local) territorial organs of administration on the one hand and branch organs on the other, in matters concerned with development of the social sphere, are converted over from an administrative to an economic basis. As a result, new stimuli for efficient management arise both for a region and for its individual enterprises.

A portion of the profit of enterprises that is collected for local budgets, regardless of the departmental subordination of the enterprises, and also the use of labor and natural resources are becoming important sources for solving the social problems of a region.

And the second. The republics receive an economic base for carrying out nature conservation measures and measures concerned with the all-round use of natural resources. As a rule, they involve substantial expenditures which reflect production outlays for the principal output and thus they are "unwillingly" carried out by the enterprises and associations (especially of a branch nature). Since regions are directly interested in the carrying out of such measures, the territorial organs of administration must not only exercise control over the latter but in addition they must undertake to cover a portion of the corresponding expenditures. The introduction of intra-regional cost accounting relationships and the establishment of equivalent economic relationships between the territorial and branch subunits makes it possible to concentrate their financial resources on the more important trends in the socio-economic and scientific-technical development of a union republic. At the same time, the enterprises are released from administrative pressure on the part of local organs of administration and from attempts to arbitrarily dispose of their resources, a point which is of considerable importance in connection with their conversion over to complete cost accounting and self-support.

Footnotes

1. See N.I. Ryzhkov, "On Restructuring the National Economic Administration During the Modern Stage in

the Country's Economic Development," PRAVDA, 30 June 1987, p 3; "Restructuring Is Urgent and It Affects Everybody and Everything," Collection of materials on the trip by M.S. Gorbachev to the Far East during the period from 25 to 31 July 1986. Moscow, 1986, p 9.

2. Materials of the 27th Congress of the Communist Party of the Soviet Union. Moscow, 1986, p 33.

3. See "Restructuring Is Urgent and It Affects Everybody and Everything." Page 10.

4. See PRAVDA, 30 June 1987, p 3.

5. "Restructuring Is Urgent and It Affects Everybody and Everything." Page 16.

6. PRAVDA, 30 June 1987, p 3.

7. Materials of the Plenum of the CPSU Central Committee, 25-26 June 1987. Moscow, 1987, pp 62-63.

8. "On Radical Restructuring of the Economic Administration." Collection of documents. Moscow, 1987, p 211.

9. PRAVDA, 30 June 1987, p 3.

10. Materials of the Plenum of the CPSU Central Committee, 25-26 June 1987. Page 63.

COPYRIGHT: Izdatelstvo "Vysshaya shkola", "Ekonomicheskoye nauki", 1988

7026

FORESTRY, TIMBER

Timber Ministry Official Discusses Second Stage of Restructuring

81442511a Moscow LESNAYA PROMYSHLENNOST
in Russian 23 Jan 88p 2

[Article by A. Dirks, chief of the Planning and Economic Administration of USSR Ministry of Timber, Pulp and Paper and Wood Processing Industry: "A Plan and a State Order"]

[Text] A typical sign of the times: the editorial board is receiving more letters which touch upon certain aspects concerned with restructuring of the economic mechanism and the carrying out of a radical economic reform. Our readers are asking many questions, questions such as what form should be taken by local cost accounting and brigade and collective contracts? What system should be employed for raising wage rates and official salaries? What changes have taken place in the system of planning? Why are some leaders stubbornly clinging to administrative-pressure methods for controlling an economy? In short, our readers are disturbed over an entire range of very diverse questions. They encompass problems, theory and practical experience associated with management under the new conditions. But in order to find the correct answer, a definite amount of knowledge must first be mastered. Economic general training being furnished by this newspaper will aid our readers in acquiring this additional knowledge.

It would appear that a discussion of this subject should have taken place some time ago. The plans have already been formulated and approved. Rather than discussing them, the time is now at hand for carrying them out. This is correct. A plan is law and special importance is being attached at the present time to mobilizing all resources in the interest of carrying out all plans as outlined. However, in taking the initial steps in this new stage in restructuring, the priority task of which is to carry out a radical economic reform, equal importance is being attached to having a clear understanding of what must be restructured and how it is to be done. In particular, why is it that we are not satisfied with the former system of planning and what must be changed in it?

It is no secret that this system is delaying an acceleration in the country's socio-economic development and the conversion over to economic methods of administration. Violations of the basic principles of balance and proportionality are being manifested more clearly in this system. Planning discipline has declined noticeably. Corrections to the plans have become massive in nature.

The June (1987) Plenum of the CPSU Central Committee defined the basic restructuring of the entire system of planning as an extremely urgent task. The essence of the changes lie in decisively converting over from administrative to mainly economic methods for carrying out

planning work and ensuring the availability of conditions which will enable enterprises to operate on the basis of cost accounting and self-financing.

Without touching upon all aspects of the restructuring that is already in progress, it should be noted immediately that an enterprise's chief form for planning and organizing its activities is its five-year plan for economic and social development, which it must develop and approve independently. As mentioned in the Law Governing a State Enterprise (association), the basis for the formation of a five-year plan includes control figures, state orders, long-term economic norms and limits and also direct orders for products by consumers and the organs of logistical supply. Certainly, each of these factors, all of which are of vital importance to an enterprise, is deserving of fixed attention. But today let us pause to discuss a state order, since it is not only the principal section of the new plan structure but also an object for very serious discussion.

A state order must necessarily be included in the plan for enterprises (associations). It is of assistance in achieving stability in current economic functioning and balance and proportionality in economic development and it ensures solutions for the chief socio-economic problems. Goszakazy [state orders] are issued to an enterprise by a higher organization and can be assigned on a competitive basis.

In the case of USSR Minlesbumprom [Ministry of Timber, Pulp and Paper and Wood Processing Industry], the structure of the state order for 1988 included 209 types of products (compared to 867 types which were in the plan for the previous year). Moreover, 52 types of products were included in the state order at the national economic level and approved by the USSR Council of Ministers. This included the entire volume of lumber, round timber materials, marketable cellulose, paper, cardboard, chipboard and solid fiberboard panels, plywood, non-food consumer goods, furniture, paper goods, wallpaper and a number of other types of products.

In addition, the structure of the state order at the national economic level included not only an enlarged nomenclature of products but also individual types of products of special importance. For example, timber materials for the finishing off of mining supports and the direct production of mining supports. And there is the overall volume of paper — newspaper material, printing, offset and some other types of paper.

Today it is easy to calculate that there are 157 types remaining in the structure of the ministry's state order for this year. This consists mainly of a detailing of an enlarged nomenclature for the national economic state order.

Thus the number of plan indicators being made available to enterprises for 1988 for timber procurements is being reduced to 13 percent compared to the 62 percent called

for in the 1987 plan. Moreover, these same 157 types do not represent arbitrariness on the part of the ministry, as though an attempt was being made, as maintained by some leaders, to reduce the independence of enterprises. This entire nomenclature has been approved by USSR Gosplan.

With regard to the independence of enterprises, it already exists even though it is not being utilized quite as extensively as one might wish. In particular, the planning for the volume of wood shipments and the cross-cutting of tree length logs and also the production and deliveries of firewood for heating purposes is being carried out by the enterprises and associations on an independent basis. Certainly however, these volumes must be planned in a manner so as to ensure the carrying out of the state order for deliveries of lumber and round timber materials. On the whole and commencing in 1988, the production and delivery of 252 types of products will be planned by the enterprises and associations themselves based upon direct contracts with the consumers.

The structure and volumes of a state order will decline as the market becomes saturated with certain types of goods and shortages in other resources are eliminated, the system of direct economic contacts between suppliers and consumers and the producers of goods and the trade organizations become stronger and greater effect is realized from economic levers and stimuli. But those individuals who believe that these factors are too strong are correct. As the saying goes, facts can at times be very stubborn. In the plan for 1988, despite a reduction by a factor of four in the number of centrally planned types of products compared to the previous year, their proportion compared to the overall production volume exceeds 95 percent.

But by no means did this come about as a result of reluctance on the part of the branch's leading workers to abandon their old work methods. Such a situation is the result of special shortages in timber and paper products, the demand for which continues to increase rather than decrease. First of all, this results mainly from the adoption of a decision which calls for the population's requirements for timber materials to be satisfied completely commencing in 1988. Secondly, large additional volumes of work concerned with housing and socio-domestic construction, the extraction of coal and petroleum and the production of consumer goods must be carried out throughout the country as a whole over and above the tasks for the five-year plan. Accordingly, the enterprises of USSR Minlesbumprom must make available the additional work required for these purposes. Thus, in addition to the state task and the tasks of the five-year plan, they are authorized to carry out deliveries on a centralized basis of 6 million cubic meters of lumber, including 5 million cubic meters of round timber materials and 1 million cubic meters of technological chips for the production of cellulose.

The plans provide for additional material stimulation for carrying out these raised tasks. Fines or penalties will not be levied against the enterprises or organizations for failure to carry out these raised tasks.

In conclusion, I would like to state once again that certainly our practice by no means conforms to the conditions set forth in the Law Governing a State Enterprise. But indeed one must bear in mind that it is not possible to change everything at once. We have only commenced the second stage of restructuring and we are encountering an intermingling of old and new factors. However, it is clear that the financial status of enterprises and associations can be corrected and additional funds obtained for production and social development only if the contractual obligations for deliveries of the entire nomenclature of products are carried out completely.

7026

Cost Accounting, Self-Financing in Forest Husbandry Discussed

*8/442514a Moscow LESNAYA PROMYSHLENNOST
in Russian 14 Jan 88 pp 1-3*

[Article by A. Chursin: "Cost Accounting Loves a Count"]

[Text] Thus a report is at hand on the new economic era for enterprises of USSR Minlesbumprom [Ministry of the Timber, Pulp and Paper and Wood Processing Industry]. Yes, it can only be termed an era: it is no longer possible to employ old methods in the timber industry, nor does anybody wish to. Certainly, it is still too early to discuss the initial steps taken in the radical reform. However, it is possible to analyze the work of the forestry complex during the past year, so as to avoid repeating the same mistakes and in the interest of drawing useful lessons from them. Indeed, we must now operate under conditions of complete cost accounting and self-financing.

As was expected, the ministry was unable to cope with the chief indicator: contractual deliveries for the year were realized only to 96.9 percent. And the indebtedness to consumers amounted to almost 800 million rubles. A tense situation was created in connection with supplying the national economy with wood. Radical measures are needed in order to eliminate this shortage.

Do We Again Have a Shortage? Authors!

The word "shortage" is mentioned and one immediately senses some discomfort: in the world's richest country from the standpoint of forests, there are departments and entire enterprises which suffer from a shortage of wood. Certainly, solutions can still be found: and in areas where there is a high level of construction of new enterprises, housing and socio-cultural installations.

Nevertheless, it would be more honest to admit that rubles are being ignored in favor of kopecks. Moreover, forsaking the ruble is not always justified.

Yes, my thoughts concerning planning. A lack of balance between the production and delivery plans and the actual availability of timber has become the talk of the town. Moreover, it was obvious for those who were assigned "ceiling tasks." But the practice of wilful planning based upon results achieved was condemned during the 27th Party Congress. The June (1987) Plenum of the CPSU Central Committee was dedicated entirely to radically restructuring the administration of the economy. The Law Governing a State Enterprise (association) entered into force. Yet administrative pressure from on high is continuing. As already mentioned, this year the consumers will be undersupplied in the amount of not less than 5 million cubic meters as a result of poor coordination of plans.

But how could there possibly be stability, for example at Karellesprom, if the computed fellings for it for this year were determined based upon accounting materials for 1983. Thus it turns out that of 30 all-round farms of an association, only 11 were supplied with raw materials in keeping with the annual plan, six in accordance with a nine month plan and four — based upon a six month plan. Even if timber is not shipped beyond the borders of the Karelian ASSR, the shortage in coniferous wood in the forestry fund will amount to 1.6 million cubic meters and the surplus of deciduous wood — approximately 1 million cubic meters. Such is the goszakaz [state order] for 1988.

Generally speaking, an incomprehensible tendency is manifesting itself in a visible and considerable manner: "Those who work are given more work." Such was the situation at the Ous all-round Serovles Timber Enterprise. This enterprise, which operates on the basis of a collective contract achieved wonderful results last year. Its production costs were lowered by 38 percent and it completed all of its tasks, including that for profit. But for what purpose? The association nonetheless levied fines on all of its elements for shortages in deliveries. Indeed, Serovles has contracts with consumers and within the association there are such perpetual debtors as the Tandinskiy, Lobvinskiy and Sotirinskiy timber enterprises. Moreover, the ministry is releasing an above-plan additional amount of 100,000 cubic meters for this year and once again the Ous LPKh [timber enterprise] is being held responsible for the entire amount.

But, as the saying goes, this is numerical foolishness. An overall orientation towards gross production is more dangerous. Was it this way in the past? By no means. First of all, we still have enterprises which view the economic reform as a regular campaign. They maintain that the discussions concerning self-financing will soon abate and that work will continue to be carried out in accordance with the old methods. This roughly was the

opinion expressed by the director of the Kodino lespromkhoz [timber enterprise] (Arkhangelsk Oblast) Ye. Bolshakov. Here all of the preparations for converting over to the new managerial methods consisted of publishing an order and creating a working committee. There was no economic training nor working meetings. The gross production tasks are being carried out and in a suitable manner. And at what price — just as in the past, nobody is interested. It came as no surprise to learn that the enterprise, on the basis of various accounts, was in debt in excess of 2 million rubles. But indeed a calendar order of priority for making payments has been in effect since 1 January. Today all obligations must be settled before it is possible to obtain bank funds for wages. Obviously, there are still some who do not believe in the inexorable severity of economic laws. And this is unfortunate!

However, is there not something that supports olympic calm in such economic executives? Could it not be the current limits for shipments? But indeed they were included only for a favorable winter period. And it is possible to understand this. Bewilderment arouses still another factor and here I am in complete agreement with A. Kekin, deputy to the RSFSR Supreme Soviet and brigade leader of a timber brigade of the Belozersk Vologdalesprom Timber Enterprise. Why "break down," from above, the quarterly limits by months? In December his brigade was tasked with shipping 29,000 cubic meters and in January — twice this amount. The conditions during December were better: small amount of frost, no snowstorms and the tree length logs could be handled more easily by a loader. The order from on high was "not more than 29,000." Why? Actually, a storm of advances commenced with the new year and many bonuses loomed in the distance. Thus, shipments are artificially held back in December so as to ensure that supplies are available in January. Such petty regulation is acceptable only for thieves and can in no way promote the development of socialist enterprise.

But now tell us how it is possible to carry out a delivery task for lumber if not all of the timber enterprises are aware of exactly what lumber is? Yes, it is unfortunate that there are so many instructions and GOSTs [state standards] in the various areas that they are interpreted in a haphazard manner. It would appear that the formula for lumber is as follows: round timber materials plus technical raw materials. But how many complaints are being received by the financial organs, which levy fines against the timber procurement specialists for poor finishing work despite the fact that the technological wood and balances are of fourth grade quality. Meanwhile, the personnel operate on the basis of OST [all-union standard] 13-83-80, which was developed by TsNIIME [Central Scientific Institute of Mechanization and Power Engineering in the Lumber Industry] and which is still in force.

Nevertheless, the root of the problem lies in the common nature of the mismanagement taking place. Indeed, it is no secret that nobody in the forestry business has as yet

truly taken into account the cost of production operations. Nobody possesses a true sense of the concept of "production cost," "profit" or other terms. Somehow a redistribution has taken place of the small pittances received from once profitable enterprises.

At the Onega LDK [sawmill and wood-working combine], for example, a mooring has long been in need of modernization. Each year it has been patched up, with this mending work being classified as current repairs. And the money involved amounted to more than that required for modernization. Powerful equipment cannot be employed here, since the packages of export lumber are constantly changing shape. Meanwhile, a decision was handed down in the ministry: it will have to be endured until the next five-year plan; initially lines will have to be installed for drying and packaging the lumber. Until the matter is settled, these lines will be transferred over to another enterprise. In the meantime, a fine contractor for renovating the mooring is available in the city and yet the work is not going forward. The losses are continuing.

Where Is the Money To Be Found?

Under the conditions imposed by self-financing, all thinking by the economic executives must be directed mainly towards the creation of an anti-expenditure mechanism. Yes, we must first of all protect that which we have and terminate all losses. We must develop stern expenditure norms and, to the degree that it is possible, replace obsolete items of equipment with more powerful types. In this manner, the output-capital ratio will increase rather than decrease. Order must be restored at the working positions and labor and technological discipline raised. The chief of Karelesprom I. Sankin considers the chief misfortune to be not the fact that the plans remain unbalanced but rather the organizational and technological miscalculations and the weak control being exercised over the nomenclature and output quality. We must free ourselves of surplus commodity stocks: as a result of these stocks alone, the ministry transferred more than 100,000 rubles over to the budget last year. All old equipment must be written off or sold, with new equipment being placed in operation on a multiple-shift basis. When this is done, we will begin creating finances.

Subsequently, under conditions involving an increasing deterioration in the strains and quality of the timber fund, thought must be given to replacing the technology of the processing enterprises and ensuring that they are not oriented only towards processing coniferous strains and large units. In the Karelian ASSR, saw-logs are already considered to be items having a diameter of 12 centimeters and the yield of such items has been raised by 8-10 percent. The completeness of enterprises is making it possible to solve these problems in the absence of coordination. Experience is already available in the use of irregular balances: the increase in raw materials amounted to approximately 2 percent more. Even dry

wood is being selected for export. In short, nobody in the republic is dawdling but rather they are searching for sources for obtaining new profits.

The Zalazkinskies collective is following the correct path. It has converted over to the collective contract, it has already carried out certification of the working positions and reevaluation of the rates and salaries and economic training is being carried out at a maximum tempo. And the first step towards creating an antiexpenditure mechanism has already been taken: in the interest of avoiding losses, the sorting work is being carried out directly at the felling sites and intermediate reserves are being created by strains.

We have already discussed on more than one occasion the low prices for timber products and the need for examining them. And who is preventing the timber procurement specialists from increasing the production of costly grades? At the Chitayevskiy Priluzes Timber Point (Komi ASSR), the production of such grades has been raised to 70 percent of the deciduous wood being obtained. And each cubic meter is being sold at a price which exceeds the planned amount by 72 kopecks and in this manner the production cost is being lowered by 17 kopecks. The enterprise's "pocket" is being filled with more money.

Is it possible that such opportunities are not available to those living in Vologda Oblast? They are available and more active use must be made of them. Indeed, more than one half of the enterprises of Vologdasprom are operating at a loss. Yes and their forestry fund is impoverished with deciduous trees predominating. But this is a strong source for augmenting profits — consumer goods! Surely with their northern traditions of national creativity, they are in no need of prompting. They could produce such objects of economic use as beehives, feeding troughs for livestock and so forth.

Why is it that 102 rubles worth of products is being obtained per cubic meter of wood in the Karelian ASSR and yet the general director of Vytegrales (Vologda Oblast) V. Lysanov states rather sullenly: "We are obtaining only 17 rubles worth." This is all very true. Income is multiplied by completeness. Thus the experience of those who have arranged their work in this manner must be adopted more rapidly. Time is an ally of swift moving, keen-witted and energetic economic leaders. The more rapidly one searches for an additional source of profit, the greater will be the chance of rescuing the enterprise.

Nevertheless, the chief source for profit is that of contractual deliveries that are carried out in an efficient manner. It is precisely fines and penalties that are troubling our enterprise's economy at the present time. Here there can be only one suggestion. In a paraphrase of the well known saying, it would read as follows: "If you wish to be a successful economic executive, act the part of one." Unfortunately, such a clearly expressed desire

was not noted last year in the leaders of Permlesprom (delivery plan fulfilled by 89.5 percent), Amurlesprom (90.1), Komilesprom (91.9), Minlesprom of the Kazakh SSR (91) and a number of other collectives.

Certainly, there were objective reasons for this. In particular, the railroad workers failed to do their part in behalf of the timber procurement specialists; last year they failed to make available more than 203,000 freight cars. But they had their own counter-argument: they questioned the manner in which the rolling stock was being employed by their friends and allied workers. Here one must admit quite honestly that the freight cars were utilized poorly, with the idle time exceeding the norm by 2 hours. Approximately 10 million rubles in fines were paid for such violations.

Thus the "4S" system has officially and fully entered into force at enterprises of USSR Minlesbumprom. This

year it will become a strong financial reserve, especially for the timber procurement specialists. And there are those who question the usefulness of subsidies. They will not last for very long and the kindness embodied in them is not without end. Rather it would be more correct to roll up one's sleeves and undertake a search for more reliable financial injections — working sources of profit.

"The new economic mechanism" it was emphasized during the June (1987) Plenum of the CPSU Central Committee, "must find its rightful place. It must become a powerful lever and a motivating force for the carrying out of good, enterprising and industrious work." This is the way it must be.

7026

HOUSING, PERSONAL SERVICES

Procedure For Obtaining Housing Loans Given
18270042 Moscow *STROITELSKAYA GAZETA* in
Russian 4 Mar 88 p 3

[Tass report: "Loan for a Family House"]

[Text]

According To Your Request

"I heard that new types of loans for individual housebuilders are being introduced. Say something about them". [signed] O. Stepovaya, Mytishchi, Moscow Oblast.

The CPSU Central Committee and the USSR Council of Ministers have accepted a resolution which defines additional measures for accelerating the development of individual housing including the improvement of a credit system for individual housebuilders. What are the conditions required of the population for paying out a loan? M. Nakhmanovich, deputy chairman of the USSR Savings Bank Administration speaks about this.

It's no secret that the cost of building one's own home is now quite costly—from 10 to 20 thousand rubles, and sometimes even higher. Of course, not every family has this kind of money, and it's difficult to borrow from neighbors or friends. So, what's the alternative? Turn to the local branch of a savings bank. They'll issue a loan up to 20 thousand rubles for building the house with outbuildings to a housebuilder living in a rural area. The builder can pay off the loan over a 50 year period beginning the third year after receiving the loan.

This type of loan, introduced in September of last year, got quite a large circulation. In addition, the new resolution allows a bank to also issue loans for reconstruction, capital repairs, remodeling of private dwellings, outbuildings, and for hooking them up to the public utilities system. There are loans available to build structures for cattle, fowl, and to store agricultural produce for the estate. The amount of credit for the loan is up to 4 thousand rubles, paying it off over a 10 year period, beginning the third year after receipt.

[Question] What is new in credit for housebuilders in towns and urban-type villages?

[Answer] The conditions are the same as those for rural inhabitants. The only difference is that paying off a loan for building an individual house is over a 25 year period, and credit for renovation is issued in the amount of 3 thousand rubles.

One can highlight this new phenomenon of credit service. In cities, urban-type villages and rural areas, loans for purchasing houses with outbuildings are now being issued in the amount equal to the value of the structure

at the time of purchase, but not exceed 20 thousand rubles. The loan is issued for a 25 year period and paying it off begins the following year after receipt.

[Question] Are there any benefits provided for at the time the credit is issued?

[Answer] First of all, loans are issued at local Soviet *ispolkoms*, enterprises and organizations to citizens who are registered as seeking to improve their housing conditions.

[Question] Many people are interested in interest rate percentages when taking advantage of a loan. Say a few words about this.

[Answer] In the USSR Communist Party Central Committee and the Council of Ministers' Resolution, the interest rate amount is clearly defined. It depends on the builder's place of residence. Residents of a rural area make bank payments for a loan at 2 percent, and in towns and rural-type villages, at 3 percent annually. The Party and government have once again shown concern about invalids and participants in the Great Patriotic War, about families of servicemen who perished, and about persons in a similar status. They are entirely exempt from paying interest on loans. Moreover, servicemen's families and families with many children are given the opportunity to pay off the loan, beginning from the fifth year after its receipt.

Presently, the USSR Savings Bank is working out a procedure for issuing loans. After this work is completed, its establishments will issue loans based on the USSR Communist Party Central Committee and the USSR Council of Ministers' Resolution.

AUCCTU Secretary Clarifies Housing Program Issues

18270033a Moscow *SOVETSKAYA ROSSIYA* in
Russian 24 Jan 88 p 3

[Interview with Leonid Davydovich Kazakov, member of the CPSU Central Committee, secretary of the AUCCTU, by Yu. Nikolayev]

[Excerpts] To provide each Soviet family with a separate apartment or individual house before the end of the century—such is the task set by the party. In order to fulfill it as soon as the current five-year plan, we must reach the goal of 630-640 million square meters of housing, under the 13th Five-Year Plan—750 million, under the 14th—850 million, and before the year 2000 a total of 2.2-2.3 billion square meters of housing must be put into operation...

Leonid Davydovich Kazakov is not even 40 years old yet but his name is well known, so all we need do is mention a couple of landmarks in his biography.

He was born in 1951 in the Bryansk area, and soon after his tenth birthday he moved to Siberia. In 1974 he became the leader of a brigade of installer-concrete workers of the LenaBAMstroy Trust. There on the BAM he went through the remarkable school of occupational mastery and civic maturation. He acquired a higher construction education without leave from production. The homeland valued highly the personal contribution of Leonid Davydovich to the construction of the Baykal-Amur Mainline and awarded him the title of Hero of Socialist Labor. At the 25th Party Congress he was elected a member of the Central Inspection Commission of the CPSU and at the 26th and 27th congresses—a member of the CPSU Central Committee. In December 1985 he became secretary of the AUCCTU where he is in charge of housing construction and consumer services for workers.

During his period of work on the BAM L. D. Kazakov repeatedly published articles containing pointed, crucial material in SOVETSKAYA ROSSIYA. Commenting in the newspaper on the results of the April (1985) Plenum of the CPSU Central Committee, he raised the question of the need to overcome as rapidly as possible the disparity between production and nonproduction construction in Siberia and to solve the housing problem. He expressed concern about the slow development of the entire social sphere in the eastern regions of the country. He devoted a great deal of attention to improving the organization of construction production, its planning, and improvement of the conditions for the labor and life the participants in the construction of the "second Trans-Siberian." All these problems are still crucial today. Our discussion will be about how to solve them best and most rapidly and what measures must be taken locally and centrally.

[Question] Our country entered the 12th Five-Year Plan with a housing supply of 4.71 billion square meters. That is as much housing as has been created throughout our entire history. And now it turns out that in only 15 years it will be necessary to increase the overall amount by a factor of 1.5. How realistic is such a large-scale program, Leonid Davydovich?

[Answer] The task is indeed an extremely difficult one, but we still must carry it out. How? Now we can say that ways have been earmarked for achieving the goal. It is known that the plan for the 12th Five-Year Plan envisioned constructing 595 million square meters of housing. But this rate did not meet the requirements set forth by the 27th CPSU Congress. The CPSU Central Committee and the USSR Council of Ministers looked for additional possibilities and this immense program was increased. As a result, even under the current five-year plan the Soviet people will receive not 595 but a minimum of 630 million square meters of housing. But why will they receive it? They are receiving it! In 1986 more than 5 million square meters more of it was constructed than in the last year of the 11th Five-Year Plan. Last year the increase doubled.

[Question] Let us try to make this idea more concrete.

[Answer] Of course! Quite recently passions flared up in Arkhangelsk. Managers of the Arkhangel'sklesprom association tried to create new capacities for procuring timber without including the necessary facilities for social and domestic purposes. Naturally, this caused serious concern on the part of workers of the collective and they began to protest against the infringement of their rights. They were solidly supported by the oblast and central committees of the branch trade union. They also managed to get construction halted on the new production facilities by forcing the administration to engage first in the construction of housing and public catering enterprises.

Unfortunately, many local trade union agencies and certain branch central committees still do not have enough of this kind of adherence to principles and consistency in actions. Startup complexes of industrial enterprises continue to be released without the necessary quantity of housing or other facilities both at KATE and the PAM...

[Question] As far as I know, manifestations of liberalism and clearly inappropriate pity sometimes occur, for instance, in the AUCCTU itself... I have in mind last year's reports from managers: the USSR deputy minister of agricultural and transport machine building, M. S. Malinin, and the USSR deputy minister of the coal industry, V. I. Bocharov, who were directly involved in the failure to fulfill the plans for housing construction and the fact that thousands of people were left without apartments. According to all the articles there should perhaps have been a vote of no confidence in them and the question of their replacement should have been raised, but you limited yourself to reprimands... Did you feel sorry for them?

[Answer] Not exactly. We simply gave these ministries and these managers the opportunity to implement the measures that were earmarked for improving the construction of housing. But according to the results for 1987 we shall again return to the question and see what has actually been done.

I am not explaining this for justification at all. Incidentally, we ourselves are not satisfied with the course of the restructuring either in the AUCCTU staff or in the branch and local trade union committees. The psychology, style, and work methods are changing more slowly than we would like. Probably everyone should be more resolute and stricter in the evaluations of the blunders with construction itself and with the development of the entire social sphere, especially if one takes into account that, alas, the necessary changes have not taken place here yet.

[Question] But yet our conversation today began by citing some extremely impressive figures that show a very rapid increase in rates.

[Answer] Do you wish to say that there must be some kind of contradiction here? No! Last year and the year before last the plans for the introduction of housing were literally wrung out in the last days of December. In order to clarify this idea I shall refer to data of the RSFSR State Committee for Statistics for 11 months of 1987. For the Russian Federation as a whole through state capital investments during this period only 70 percent of the housing envisioned in the annual plan was introduced. Almost 30 percent of it had to be released in the one remaining month. Is there any need to speak about the immense harm caused by rush work at the end of the year!

In general the practice of the first 2 years has shown quite convincingly that it is impossible to solve new problems with the old production base and using only traditional methods. Therefore recently a whole package of decrees has been adopted for development of the construction materials industry. It has been recognized as expedient to enlist plants of 22 ministries in the forced development of the construction base. The directive documents specify clearly which of these must manufacture what kind of nonstandard equipment for housing construction combines, modern construction materials, industrial sanitation and other items... But here is what alarms us. The managers of "non-profile" branches have given a cool response to carrying out these most important instructions. As meetings in the AUCCTU have shown, so far few people have a clear idea of what the plant is to do. The conclusion here is simple. The organizational efforts of trade union agencies must not be concentrated at the juncture of the branches, on the implementation of interbranch programs, and their fulfillment must be taken under strict public supervision.

[Question] Then every family in our country will actually have a separate well arranged apartment or a modern house? And in general how many of them are needed—apartments and houses? Why in our discussion here to you speak of them only in terms of square meters...

[Answer] Difficult questions. According to rough figures, as of today about 13 million families are in need of improved housing conditions in cities and workers' settlements. I cannot say how precise this figure is. In order to see the goal more clearly and thus to achieve it more rapidly, it is necessary to change over to double accounting. Square meters should remain as the calculation indicator but we should plan the introduction of a particular number of apartments and individual houses. Incidentally, this has been done for a long time in many foreign countries.

[Question] What is standing in the way of such an approach?

[Answer] By a decision of the government, an inventory of housing in the country has been started, but it is being conducted intolerably slowly. Without it it is difficult to

determine either the actual number requiring apartments or the possibilities of redistributing them and utilizing the existing supply better.

There is one other hitch: dilapidated housing. In the Russian Federation alone there are more than 50 million square meters of it. Numerous families, who according to formal indicators are not on the waiting list for new apartments, are living in buildings that are not eligible for repair. But they will have to be moved anyway.

Today we must have a clear-cut plan for accelerated removal of dilapidated housing.

[Question] Since we have already touched on the idea of clarity in the future, apparently the question should be formulated more broadly—to include programs for solving the housing problem in general. For it is obvious that each enterprise and each administrative region must have them...

[Answer] Yes, there is no shortage of programs. The problem lies elsewhere: in many places people have taken too formal an approach to the development of plans for providing each family with an individual apartment or house. In order to make it easier to understand our concern I shall give two approaches to the problem using the examples of two oblasts: Tomsk and Perm.

I like the energy of the Tomsk workers. They have fulfilled the plans for housing construction for all of the 11th Five-Year Plan and 2 years of the 12th. They have achieved uniform introduction of the buildings.

The leading construction organization, Glavtomstroy, in conjunction with the oblast committee of the branch trade union, introduced an initiative to increase the volume of introduction of housing by a factor of 1.5 in 1988 and to double it by the end of the 12th Five-Year Plan. The oblast is extensively practicing the construction of housing by the internal financing method, the future residents are enlisted to do the finishing work, youth housing complexes are being created... In other words, a firm basis has been laid for each apartment that is to be constructed for the family of a worker or employee...

A quite different, frankly depressing, picture is to be seen in Perm Oblast. Under the 11th Five-Year Plan alone its workers failed to receive 400,000 square meters of housing. There are 276,000 families in need of better housing in the oblast, or every third resident. More than 31 million square meters of housing should be constructed there before the year 2000, and it is necessary to construct 2.1-2.3 million square meters annually. But in reality the rates are half this amount.

If only the Perm administrators were the only ones to put the task of improving housing off until later. The fact is that the rates of nonproduction construction are much lower than necessary in Khabarovskiy Kray, Rostov and Chita oblasts...

Of course the responsibility for such a prolonged state of arrears should be born by the leaders of party, soviet and economic agencies. But why do the oblast trade union councils, oblast trade union committees, and the trade union committees of the enterprises finally put up with the utterly unacceptable rates, the poor utilization of resources, the low level of executive discipline, and even the poor quality of the buildings that are released? What kind of protectors of worker interests are they?

[Question] So far, Leonid Davydovich, we have been discussing basically the shortcomings in the local areas. But have the central agencies, including trade union agencies, really taken all the measures necessary for capital construction to develop more rapidly?

[Answer] To be honest, perhaps the central agencies also, mainly the planning, supply, and many branch staffs still make plenty mistakes. And the AUCCTU and the central trade union committees are far from exhausting all of their possibilities.

[Question] Which? How are they manifested?

[Answer] I would place in the foreground the most crucial task of increasing the prestige of the profession in general... The resolution of the food and housing problems is considered to be a pivotal, priority area. But where is it, this priority, if even with respect to wages the construction worker is below the first 10 percent of the mass specialties, although his working conditions cannot even be compared with plant conditions: he is always out in the wind, heat, and cold. But the construction workers have to wait just as long for an apartment...

Possibly because I myself recently worked in a brigade, I know first hand about the conditions at the construction site and I shall never lose the sense of dissatisfaction and shame about such a situation. And is this not the main reason why many of our construction projects are being held together by various kinds of workers from "quotas," those with "conventional early releases" or those who are "temporarily enlisted" from other spheres. And for us—I mean the leaders of central trade union agencies—it is not enough to recognize this encroachment (I will not choose another word) on the rights of those who are called upon to rapidly increase the rates of construction and improve its quality. We must act! We must go to the State Committee for Labor and Social Problems, to the government, and make sure that the people in the vanguard, like at the front, are allotted everything according to a higher norm.

I see many of our shortcomings in the fact that the collective contract, which has recommended itself so highly, is being introduced slowly and in certain cases formally at construction sites. The democratization of the management of the construction process is proceeding timidly so far.

As has been emphasized, the state has allotted significant additional resources for accelerated construction of housing. If they would only also halt the effect of the cost mechanism! I myself, for example, for a long time was unable to comprehend why the practice of having the future resident help pay for the housing has not become more widespread. But when I looked into the problem I understood that this practice is disadvantageous—both for the rank-and-file construction worker and for his superiors. Every painter, carpenter, and sanitation engineer knows that all they have to do is issue and order ahead of time to the future inhabitant and a very meticulous quality controller will start looking over his shoulder. And there is no reason for the supervisor of these painters and carpenters to care about obtaining the money from the future inhabitants for the finishing work—this money cannot be included in the volume of assimilated capital anyway. Neither the supervisor nor the subordinates is interested in improving quality either, for their earnings are linked to the infamous gross output and not to the satisfaction of the tastes of the consumers. But is it really impossible to change things here and put this right side up again!

Believe me, we are not talking about trivia. During 1986-1987 alone more than 4 million apartments were constructed in the country. The builders put locks on them. I do not know who did what, but I have never met a potential inhabitant who would be satisfied with the locks that were installed. They usually begin to inhabit the apartment by changing the lock. Let us calculate: 4 million locks, and the money spent on their manufacture, transportation, and installation might as well have been thrown away. And so many tens if not hundreds of millions of square meters of floors, walls, and ceilings are replastered, repainted, revarnished, reglued...before anybody moves in.

And we are not being persistent in the development of cooperative construction. During the last three decades the construction of individual housing has been reduced by a factor of more than 4. Trade union committees at various levels are not showing initiative here, preferring not to burden themselves with more problems.

[Question] And is this not the main thing standing in the way of the movement? After all, its opponents argue their position also by saying that this way the youth will receive an apartment before those on the waiting list—production veterans—and the principle of social justice will be violated...

[Answer] I am convinced that there is more slander here than substantiated conclusions. Under the last five-year plan we failed to assimilate 736 million rubles allotted for housing construction. And why not give that to the youth?

[Question] It is necessary to construct housing, but it is no less important to distribute it correctly. It is not by accident that people make judgments about social justice almost mainly according to how this distribution takes place. And in our editorial mail almost every fifth letter is about housing and about the violations that are committed in distributing it.

[Answer] We must assume that that will happen. We have not yet been able to introduce the proper order into this responsible business, although in 1986 alone, according to the results of our inspections, more than 500 executives and trade union officials were charged with violations. About 100 of them were fired and more than a thousand orders for apartments were invalidated.

And here is what I am observing. The abuses perpetrated by executives, trade union committees and ispolkoms of local soviets—they bear joint responsibility for correct distribution—in general are largely all the same. Most frequently it is a base desire to please the boss or a "person who is needed." In order for this not to seem unsubstantiated, I shall give some extremely typical examples.

In January 1987 an AUCCTU brigade checked on how the housing problem is being solved in Tyumen Oblast. It revealed numerous cases in which the trade union leaders instead of putting a stop to the arbitrary decisions of the executives, began to follow their lead. The waiting list for housing moved slowly (it contains more than a quarter of a million families) and 45,000 families are still living in makeshift premises...

At the end of last year we repeated the inspection. We investigated 84 enterprises and organizations of the cities of Tyumen, Ishim, Tobolsk and other population points. And what do you know? In 78 of them we again discovered serious shortcomings in the handling of citizens in need of housing and deviations from the rules for its distribution. Leaders of various ranks continue to antagonize the people on the waiting lists.

It was really embarrassing to read in the report that the ones involved in machinations with housing were people who by virtue of their position and duties were supposed

to put a halt to any violations and to develop a high moral climate. Such, for instance, were the secretary of the obkom of the trade union of workers of state institutions, Kovalenko, the chairman of the oblast court, Belyayev, an oblispolkom worker, Plaksin, a university department head, Kiselev, the deputy chief of the oblast department of public health, Gusev... I cannot even begin to talk about the executives; the list of those who have committed abuses could not be contained on a whole page. In just three buildings (Ulitsa Sverdlov, 14, Shiller, 22, Zavodskaya, 1) out of 178 apartments 38 were assigned in violation of legislation.

[Question] In our newspaper a couple of days ago we published a lead article under the title "Who Deserves an Apartment and Who Does Not." In particular, it contained a suggestion to distribute housing at general meetings of labor collectives, and the readers immediately supported it...

[Answer] There is no argument about glasnost. The labor collective should be informed about the destiny of each apartment without exception. As concerns distribution, this right has been granted to the administration and the trade union committee. And why not post the list of new inhabitants in the ispolkoms and labor collectives 1-3 months before the new building is inhabited? Then everyone could see who has moved up on the list and who is trying to get around it.

We are concerned about one other aspect of the problem. If a large group of people participate in the distribution of new housing, when it is exchanged everything is done in secret. This is fertile soil for speculation and the gleaning of unearned income from state or cooperative housing. This source of solving the housing problem should also be made public.

I repeat the idea expressed earlier. Soon it will be necessary to conduct the most careful inventory of the housing supply and begin to keep track most strictly of each square meter. It is no secret to anyone that in our cities that are many apartments that stand idle for years and many people who have more than one dwelling place. And how many single people occupy a two-, three-, or even a four-room apartment, transforming them into a source of profit. Incidentally, many of them would move into smaller apartments, but it is difficult to do this because of the bureaucratic obstacles.

LABOR

Difficulties in Establishment of Cooperatives Outlined

18280019 Moscow PRAVDA in Russian 1 Dec 87 p 3

[Article by L. Belopetravichus and V. Sukharevskiy: "'Sitter' and Others: The Difficult Beginning of the Cooperative Movement"]

[Text] Filimon was alone all day long and naturally did whatever it wished. Coming home in the evening the owner could not recognize the apartment. There was no choice but to get rid of the puppy...

Help came unexpectedly. There was an advertisement in the newspaper announcing that the cooperative "Sitter" provides a variety of services to Moscow residents. Having gotten through to the number listed there, the dog's owner was quite surprised to hear: "Give us your address."

The cooperative's director, Viktor Petrovich Tulyakov, came. All day long he played with the dog and took it out. In the evening, the pleased owner signed a fixed-term service contract with the cooperative.

But "Sitter"'s first job, last June 7, was to pick up tickets at the Taganka Theater box office and to deliver them to a specified address.

The reason we have mentioned these two examples is not to make the reader smile. People's problems in a large city are diverse, complex, and often quite unusual. To help resolve many of them is the task of "Sitter," Moscow's only cooperative specializing in this type of services.

It has six members, but some 50 additional employees work for it under contract: mainly nurses from outpatient clinics, but also teachers and students.

"The overwhelming majority of assignments is to care for the old, the sick, or children," says the cooperative's director V. Tulyakov. "The tariffs are as follows: a temporary one-time 'sitter' charges 3 rubles per hour; a permanent or long-term one costs half as much. But even for good pay not many are willing to perform a variety of tasks, often useless ones, for an elderly person, or to bother with — pardon my language — chamber pots, enemas, and so on. At first, the cooperative was swamped with dozens, hundreds of people wishing to earn an "easy" buck. But on the very next day many got out of it. Mostly nurses stayed."

In addition to these services, "Sitter" tutors school children, conducts classes on home cooking, speed reading, skin care, and autogenous training. Courses are taught by highly qualified professionals, and people are already signing up for classes for the middle of next year.

What else can be said about "Sitter"? Something very important: it is very hard to place orders. The cooperative's only telephone rings all the time. Try it, you may be lucky; the number is 230-4455.

Unlike "Sitter," the capital's cooperative restaurant, "Yakimanka," functions on a different scale and has different problems. In the six months of its existence it has earned a solid reputation among Moscovites and visitors to the capital; it specializes in dishes of the Uzbek cuisine. Cooperative members, it should be mentioned, work hard; their work day is much longer than at state enterprises. And their earnings, naturally, are higher.

The cooperative movement picked up speed after the July 1987 Plenum of the CPSU Central Committee. Currently, there are about 9,000 cooperatives comprising over 90,000 workers. Only in the last three months the number of cooperatives more than doubled. They provide a variety of consumer goods, do apartment repairs, lay out vegetable gardens and fruit orchards and do landscaping, restore and build custom-made furniture, and do other kinds of work for consumers. Their output of goods and services exceeded 130 million rubles in 10 months.

Early results confirm that the new course is a correct one. In a number of regions, particularly in Transcaucasia and in the Baltic republics, cooperatives have become quite important in filling consumer demand. People are willing to buy goods produced by cooperatives. They are not only high-quality, but are often priced no higher than those produced by state enterprises. For instance, the Moscow cooperative "Fairy" produces knitwear and sells it at relatively low prices. Nevertheless, it is profitable since the cooperative has practically no administrative staff and therefore little overhead costs.

Still, it should be noted that this useful activity has only begun. In the economy overall, the cooperatives' share in the total value of goods and services produced amounts to 0.04 percent. At the July Plenum of the CPSU Central Committee it was noted that the cooperative movement should be encouraged everywhere. Only an extensive, well-balanced cooperative network could bring the results that we are expecting. This requirement has not yet been understood by all.

Every new enterprise nearly always entails unforeseen consequences that are sometimes negative in character. The cooperative movement has not been an exception in this respect. The first and the most important problem so far has been a serious distortion of the very idea of the cooperative as a supplementary entity in the socialist sector of the economy. For instance, in the restaurant industry a vast majority of cooperatives have been set up at low-profit enterprises of the state-owned retail and consumer cooperative sectors. In the RSFSR, 80 percent of cooperatives have been formed in this manner, in the

KaSSR 72 percent, in the MoSSR 83 percent. The existing network has not been broadened as a result, only signs have been switched around, and it often hurts consumer interests.

Furthermore, the specialization of many cooperative restaurants has been devised without taking into account consumer demand or existing food supply. As a result of this unthinking approach to the cooperatives' specialization, their products are often made using inputs purchased at state retail outlets. Instances of abuse and breeches of established regulations occur, whereby the cooperatives are sold the goods for which consumer demand has not been adequately satisfied. There even have occurred instances of pure speculation.

The basic principles of the development of the cooperative forms of production at the present stage have decreed that the cooperatives' labor resources should come mainly from the population that is not occupied in productive activities, such as retirees, housewives, and students; only in special circumstances employees of state enterprises, departments, and organizations could be invited to work at cooperatives in their leisure time. Yet, spot checks have shown that these requirements are grossly disregarded everywhere. Among cooperative members, 13 percent are retirees, 8 percent housewives, and 3 percent students. Consequently, the share of those for whom their work at a cooperative represents a second job amounts to 65 percent.

In some places, there has been a drain of qualified specialists from the state sector of the economy to the cooperatives, which inevitably complicates the task of some enterprises and organizations. For instance, at the Repair and Construction Administration (RSU) of the Zavodskoy Rayon in Minsk, the management established a cooperative "Builder"; the RSU's director, its industrial manager, chief engineer, site managers, and bookkeeper all became its members, with the industrial manager heading the cooperative. The cooperative is successful while the RSU fails to fulfill the plan.

Especially acute is the staffing problem at cooperative restaurants. In some instances they become the refuge of former retail workers fired because of suspicions of irregularities, as well as those convicted of larceny, bribery, and other greed-related crimes.

The level of the cooperatives' profits and the correspondence between remuneration at the cooperatives and the actual expenditure of labor is a separate, equally acute problem. Preferential tax treatment afforded to the cooperatives for the duration of the start-up period does not always ensure that the principles of social justice are followed; at times, it leads to situations whereby considerable sums, out of proportion with the expended labor, are concentrated in the hands of some individuals. For example, the three-member cooperative "Experiment" at the Mosgorispolkom Publishing, Printing, and Book

Trade Administration's "Chertanovo Printing" industrial complex asked the financial authorities to tax its members' incomes on a progressive basis. The cooperative prints special signs for private motorists.

The chairman of the Moscow cooperative cafe on Kropotkinskaya Street A. Fyodorov told us honestly that after paying back his Gosbank loan, he could "pull," as he said, a tax of 40-to-50 percent on the cooperative's profits. Now, with an annual sales level of half a million rubles he pays the state only 3 percent. This is an obvious discrepancy. Apparently, the Ministry of Finance should react more quickly and flexibly to such situations. We would like to underscore the necessity of a differentiated approach, one that does not smother a useful undertaking at the root on the one hand but erects a solid safeguard against smooth operators with a knack for quick unmerited enrichment on the other.

12892

DEMOGRAPHY

Statistics on Largest Cities, Capitals Reported 18280033 Moscow PRAVDA in Russian 13 Dec 87p 6

[Article by A. Sashin: "The Big City"]

[Text] It seems an easy question: what do we know about cities in the USSR today? Upon reflection, we conclude that we do not know so very much. Of course, we can unerringly name the largest city: Moscow. After the capital come Leningrad, Kiev, and Tashkent. What next? Many would say Kharkov, but it turns out that it has been overtaken by Baku—on 1 January 1987, the capital of Azerbaijan had a population of 1,741,000. We have 23 cities with a population of one million or more. Which city has the highest birth rate? Not everyone will be able to answer this question. Here, too, USSR Goskomstat [USSR State Committee for Statistics] came to our aid. It has prepared interesting materials concerning life in the capitals of union republics and the major cities of the nation.

The largest number of births per 1000 population last year was in Dushanbe—25.4; Ashkhabad—25.0. In Moscow—14.3; Kiev—14.3; Leningrad—14.7. The birth rate was lowest in Odessa—12.7.

Deaths per 1000 population were highest Moscow—11.6 and in Leningrad—11.4. No matter what one might say, the stress and other "delights" of the supercities take their toll. Preferable to others in this sad summary is Yerevan—5.6; Minsk—5.7; and Kishinev where there 6 deaths per 1000 population. The prize for natural increase in population goes to Dushanbe, Ashkhabad, and Kishinev.

The most weddings were celebrated in Leningrad where there were 11.8 marriages per 1000 population. In Vilnius—11.6; Omsk—11.3. The smallest number of weddings were in Ufa and Yerevan: 8.4 and 8.5, respectively. Statistics show that the most durable marriages were in Tbilisi and Yerevan where there were 2.3 and 2.0 divorces per 1000 population, respectively. The bonds of Hymen were not as strong in Rostov-na-Donu and Dnepropetrovsk: 5.6 and 5.5, respectively.

What of our housing fund? The figure here is truly astronomical: total living space at the end of last year was 2,640,487,000 square meters. The next question: how many apartments were built last year? Throughout the nation as a whole: 2,100,000.

The comfort of city-dwellers depends largely on transport. Subways are acknowledged to be the most convenient. Eleven of the nation's cities already have subways. Last year, subways carried no more and no fewer than 4,624,100,000 persons. The Moscow subway system had no competitors. It carried more than half of all passengers.

Leningrad had the longest streetcar lines: 684.3 kilometers. Moscow—467.1; Kiev—273.1 kilometers. The same cities also had trolleybus lines. To be sure, Kiev yielded third place to Baku. After Leningrad and Moscow, streetcar ridership was highest in Kiev and Kharkov. The Kiev streetcar system carried 346,900,000; the Kharkov streetcar system: 255,400,000 passengers. Following Moscow and Leningrad, trolleybus ridership was highest in Kiev—slightly less than 400 million; in Minsk—more than 375 million.

And how do matters stand with trade and public catering in the big cities? Per capita retail trade turnover throughout the nation as a whole last year totaled 1185 rubles. In Moscow—2684 rubles; Tallinn—2241; Riga—2026 rubles. Dining rooms, cafes, and other public catering enterprises were most numerous in Tallinn, Riga, Vilnius, and Kharkov. Less well off compared with them were Novosibirsk, Ufa, and Kuybyshev. In Ufa and

Novosibirsk, for example, there were 745 places in public catering enterprises per 10,000 population—almost half the number of places in Tallinn.

At the beginning of the last school year, the nation numbered 896 higher and 4506 secondary specialized educational institutions. Enrollment in higher educational institutions was 5,088,000 persons and almost 4.5 million in technicums and other secondary educational institutions. Moscow and Leningrad are rightfully called the largest student towns. There are 19 higher educational institutions and 116,000 students in Kharkov; 18 in Kiev and Tashkent; and 16 in Alma-Ata.

After Moscow, Leningrad, Kiev, and Tashkent the largest number of school pupils are in Baku—265,000, Minsk—220,000, and Kharkov—195,000.

After Moscow and Leningrad, the largest number of museums are in Baku—33; Tallinn—24; and Kiev and Riga—23 each. There are only 2 museums in Kharkov, Omsk, Donetsk, and Dnepropetrovsk, and 3 museums in Perm and Chelyabinsk. After the capital and the city on the Neva, the principal theatrical cities are Tbilisi—14 theaters; Kiev—11; Yerevan and Tashkent—10 each. The list is completed by Donetsk which has 3 professional theaters.

After Moscow and Leningrad, the cities with the largest number of libraries are Tashkent—286; Kharkov—261; and Sverdlovsk—194.

Health is more precious than wealth and even though it cannot be bought in a drugstore, how is health care in the big cities? This is how. In Moscow, there were 139.2 hospital beds, 104.9 physicians in all specialties; and 172.7 paramedical workers per 10,000 population. But the capital was not the leader here. The hospital bed situation looks better in Vilnius—180.5; Frunze—167.0; and Alma-Ata—165.3. There are more physicians per 10,000 population in Tbilisi—125.6 and in Kishinev—96.1.

This is how Moscow, Leningrad, the capitals of the union republics, and certain other of our large cities look in the mirror of certain statistical data.

5013

ORGANIZATION, PLANNING, MANAGEMENT

Khozraschet Helps Plant Remain in the Black
*18280018a Moscow IZVESTIYA in Russian 11 Nov 87
p 2*

[Article by F. Chernetskiy, Izvestiya special correspondent, Odessa: "A Checkbook For a Worker"]

[Text] Everything was fine: the Odessa Machine-Tool Production Association, although not recognized as being excellent, was in any case considered to be a reliable enterprise. And suddenly I learned that the general director, K. Manenko, had been issued three reprimands one after another. The board of Minstankoprom [Ministry of the Machine Tool and Tool Building Industry] — for failure of plans, rayon party committee — for incorrect personnel assignments and by the association's party committee — for a whole series of derelictions. And all of this occurred within a period of 6 months time.

What happened?

State acceptance was introduced into operations at the association. And it can be stated directly that it was introduced in a flippant and careless manner: some maintained that too much of a fuss was made over it and that it inspired fear.

Within the association, they discussed the question of whether or not the quality of the output was raised easily or sharply. Let us take a machine-tool intended for export. Yes, the amount of labor invested in it was greater by a factor of 1.5-2. And what if all of the machine-tools were to be raised to the "export" level? Once again the degree of labor-intensiveness would be increased sharply. Thus the number of workers would have to be increased! But this would shake up the foundation! Where would the labor resources and the additional money required for wages come from? From the state treasury? It is known that the treasury does not have any excess funds. Moreover, the foundation must never be disturbed.

But state acceptance was never intended as a joke. Initially the association's leaders resolved to task it only with serially produced products: here everything would be worked out and if defects were uncovered they could be corrected quite rapidly. But the state acceptance workers objected and stated that they wished to accept all products — those which were serially produced and also those which were being developed. And with no allowances being made.

This then was the problem. Over the past few years, the design bureau here developed new models of radial-drilling and diamond-cutting machines. And these models are being mastered at the present time. Seventy percent of the products are in need of renovation! And

there are up to 80 types of machines! The specialists can only imagine how complicated this will be. And here another "problem" developed. When the technical documentation for the new models had already been prepared and production was commencing, new requirements with regard to the quality of the machines were issued by the ministry as though they came from a horn of plenty. The state acceptance workers vowed to follow them in accepting the products. But what about revising the documentation for dozens of machines? The production of some of the models generally had to be halted and the plan not only did not fly but in fact it collapsed.

When they became convinced in the association that it was useless to apply pressure to state acceptance, a change took place in the thinking. First of all, they began looking more intently at the administrative personnel. Were there not many of them? Would it not be possible to augment the productive sphere directly at their expense? They reasoned as follows: for the departments, services and bureaus there is a leading element or brain center and also a type of "filler" element, that is, individuals whose work can be viewed as being materially intangible. According to estimates, the ratio of the "brain center" to the "filler element" is 1:3. And thus an order was issued calling upon the departments, services and bureaus to reduce their staffs by two thirds. This meant that out of 380 individuals in the department, 260 had to be transferred. And what happened? Although the order is in place, it is being carried out with many objections: only 85 administrative personnel were removed. Subsequently, everything came to a halt: there were many complaints and letters.

And in the departments there is a shortage of personnel, the plan is not being carried out and the overexpenditure of wages is increasing. Fortunately, a strong material incentive fund was accumulated last year and it is being used in the manner of a checkbook. Money from the "checkbook" was used for covering overexpenditures of the wage fund and for paying out unearned rubles. But the "checkbook" finally was used up, with the last ruble being withdrawn in July.

Here we interrupt the sequence of this story in order to reveal a rather startling fact. For a period of 8 months, the association hopelessly fell behind. Suddenly, in September, the monthly plan was exceeded by almost two-fold. And whereas towards the end of the 8 month period the amount of indebtedness approached the 3 million ruble mark, by October the debt had been reduced to 711,000 rubles. What had happened? When the "checkbook" was finally empty, it became clear to the general director that a critical moment had arrived. A unique measure had to be undertaken and undertaken on an urgent basis. Manenkov made a recommendation to the ruling group calling for the association to engage in a business-like game. And such a game took place. The essence of it was as follows.

The association was arbitrarily divided up into three seemingly independent "cooperatives": one undertook the production of radial-drilling machines, another — special diamond-cutting machines and a third — consumer goods. Each subunit already has an existing production and administrative contingent. It must now purchase or rent production buildings and equipment. The fixed productive capital was formed in this manner. Thereafter it would be necessary to purchase castings, forging billets, various types of raw materials and other materials. Further, in the interest of adjusting production operations, a "cooperative" must take advantage of the services offered by designers, technologists, supply personnel and bookkeepers. In short, the services offered by all of the association's bureaus, departments and services. These services must also be purchased. They are purchased according to norms and the actual contribution made by a particular subunit to the production of an item of goods.

The game, although business-like in nature, was nevertheless a game: the attitude towards it was favorable and yet it included a touch of irony. And a majority of the personnel were truly surprised when the general director, in summing up the results, stated that commencing in September individual elements of the game, particularly the check system of accounts, would be introduced into operations and become the basis for economic interrelationships.

The matter of exactly how the enterprise performed in September has already been mentioned. The impression was such that there were many in the association who did not believe that such a surge was possible. A surge of labor activity.

However, certain internal problems did not disappear. To the contrary, they were further aggravated. And wages constituted the most urgent problem. What was the situation earlier? Payment was made for an assembled unit, for each part produced and for each "hole" drilled in a part. Everything was covered. If a machine assembled using these units, parts and "holes" contained defects, it did not pass state acceptance. The losses were generally borne by the association.

The game has now been replayed by 180 degrees: initially the bear was killed and thereafter the hide prepared. The machine was prepared, state acceptance did its work and the box was packed and sent off to the consumer. And only after this was accomplished did each individual receive a check for his part of the wages. An overexpenditure of the wage fund and unearned rubles were eliminated.

I have before me a document prepared by the balance committee based upon the results for September. Here is some data from it. The casting department, against a planned wage fund in the amount of 83,000 rubles, actually earned, that is in terms of checks, 81,000 rubles and the mechanical department — 23,000 and 20,000

rubles respectively. The situation was somewhat more complicated in the 8th Assembly Department: against a planned wage fund of 29,000 rubles, only 19,000 rubles were earned — in the form of checks. True, the balance committee drew the conclusion that this department can demand 2,000 rubles from the design bureau. Why? Because the designers committed mistakes and miscalculations in their documentation, the correction of which during the production process caused the assemblers to lose wages amounting to 2,000 rubles.

A unique situation developed in an administrative element where up until now all of the workers had earned firm salaries. And today? Let us say that the production-dispatcher department earned 6,000 rubles on the basis of checks. This means that there will not be any firm salaries: there is a shortage of 1,700 rubles. The supply department earned one fourth less than its planned fund. Roughly the same situation prevails in the labor and wages departments of the chief metallurgist and in the bookkeeping department.

The check system, in the manner of litmus paper, reveals the cost of a task and who is working and how he is working. And whereas firm salaries were obtained earlier, today the actual earnings must be divided up among the services, bureaus and departments. How should they be divided up? At the present time, it is initially divided up taking into account the coefficient of labor participation. And subsequently? The possibility of questions arising among the departments, bureaus and services is not excluded: are the workloads being distributed properly, are all workers coping with their responsibilities and are there any unnecessary duties being carried out?

"Properly speaking, we have now oriented the entire collective towards the association's final operational result" stated Konstantin Mikhaylovich Manenkov, "certainly, we have many conflicts, disputes and complaints and yet our chief concern is that of realizing some progress. Moreover, there will be no return to our former situation, particularly in view of the fact that on 1 January of next year the association will convert over to complete cost accounting and self-financing.

"Yes the old production-economic relationships are disappearing in the labor collectives and new ones are making their presence known. At times, there are those who wonder if we are not proceeding in too radical a manner. But how can it be otherwise? Restructuring, if it is to be recognized as a revolutionary change for the better, must function in an energetic manner and involve the use of radical means. Otherwise, the enthusiasm generated by it will fade.

After the material had already been prepared for the press, it became known that in October the association over-fulfilled its plan for output sales. The debt which had built up during previous months was repaid. The plan for 10 months was fulfilled and thus the enterprise had achieved the rhythm assigned for the year.

Machinebuilders' Conference Emphasizes Sector's Importance

18230013 [Editorial Report] Moscow VESTNIK MASHINOSTROYENIYE in Russian Number 2, February 1988 carries on pages 3-4 a 1400-word article on the 9th Congress of the All-Union Scientific-Technical Society of Machinebuilders, held in November of 1987. The article describes the emphasis given in speeches and reports to scientific-technical progress in the machinebuilding sector. Speakers at the conference called for restructuring the machinebuilding complex, developing new generations of machines and instruments equal to the world level and general "brainstorming" using all the methods at their disposal.

More specifically, progressive methods such as automated test stands were stressed, as well as the need for resource and labor-saving technologies. "In connection with this," the article states, "the role of replacing the cutting process with other forming methods and introducing methods of nonoxidizing heating of metals and other progressive technologies is growing." The conference attendees were reminded: "Comrade M.S. Gorbachev has devoted attention to the need to increase the tempo of development of toolbuilding, electrotechnology and the electronization of equipment." In addition, as one speaker noted, "in the final analysis machinebuilding is the basis of a swift renovation of the country's production apparatus, a materialization of scientific ideas and the achievement of high and stable rates of growth of the national economy."

CIVIL AVIATION

Indiscipline, Nepotism Rife in Civil Aviation Ministry

18290064a Moscow PRAVDA in Russian 27 Dec 87 p 3

[Article by PRAVDA special correspondents N. Demidov and A. Fedotov, Moscow, under the rubric "What is Behind the Conflict?": "A Ministry of Closed Doors"]

[Text] *Mystery and whitewash appear most often in places where people want to cover up the absence of a genuine cause or hide the true picture from outside eyes.*

For many years people have been instilled with the idea that civil aviation, with its special nature, is an exceptional sector: the discussion concerns the lives of people. And that alone put Aeroflot above the other departments.

Who would object to this? Aeroflot really is a respected sector, and its merit cannot be diminished in reinforcing the international socio-economic development of the country. But as is well known, any medal, even of the purest sort, has a flip side as well. How does the sector look without its outward luster, from within?

I will state outright that it is not so easy to answer this question. After all, much of what is desired to be hidden from alien, non-departmental eyes quite often relates namely to the specific nature of aviation. Flight delays because of the irresponsibility of aviators are explained with the murky "technical causes," while the poor operation of ground services is covered up with "meteorological conditions." Such topics as analyzing the operation of international lines, accident rates both in midair and on the ground etc. were simply hidden under the pretext of undermining the reputation of Aeroflot. This was all concealed behind tightly closed doors with the invariable sign "Outsiders prohibited!" Here is where we must seek the foundation of the phenomena of stagnation that are still having a fundamental effect on the affairs of air transport.

The Honor of the Uniform

"And do you have the authority to ask such questions?" said Shelkovnikov, reaching for the in-house telephone, but something made him change his mind at the last instant. Valeriy Georgiyevich rose with effort from his chair, straightened his uniform with the gold clusters above the lapels and went up to a finely drawn schedule hanging on the wall.

"Here! Here is where you can see the operation of our administration! And no Bulanov can besmirch it."

What made the administration chief, with a direct influence on your and my safety in the air, so mad? Let's review briefly the history of it, reflecting in its own way the personnel policies of the ministry.

In the spring of 1986 a department chief in the Central Air Traffic Administration [TsUVD] of Civil Aviation, Yuriy Konstantinovich Bulanov, was summoned to the military commissar. The days he spent there, however, were counted as absenteeism. And in order to handle the "matter" more loudly and instructively, a commission of three workers in the administration was engaged in an impassioned and energetic verification of every hour of his absence.

Nothing could turn back their work—not the notifications presented to them, not the oral and even written explanations of Yu. Bulanov. The commission firmly insisted on the version it had advanced of 43 (!) hours of absence, giving complete grounds to give the guilty party, so to speak, the whole nine yards. Which was done in the end: the TsUVD Chief, V. Shelkovnikov, promulgated an order regarding the incomplete service conformity of Yu. Bulanov, and the ministry party committee "intensified the guilt"—they issued a strict reprimand with a notation in the report file...

It is obvious today that the "matter," which was pretty exaggerated and largely fabricated, arose out of considerations far from strict administrative practice. Its motives were both more petty and more mundane.

A month before the blow-up, I. Kruppa was assigned as an expert in Bulanov's department. A retired person without special education, he had earlier worked in this same administration, but he so obviously did not correspond to the position he was occupying that, without being certified, he had to look for a job on the side, not, by the way, for the first time. His work booklet abounds in entries far from the administration of air traffic... he was an aide to the chief physician of the central departmental hospital, then a business manager in the ministry...

In short, it is easy to understand that Bulanov had no small grounds to object to this assignment. But here is where, out of youth, he underestimated the real trump card of I. Kruppa, that had rescued him magnificently in many personnel scrapes. At one time Kruppa had flown in the same crew with the predecessor of the current minister of civil aviation.

Having formally returned to the department in the capacity of expert, essentially responsible for working with personnel, Kruppa soon proclaimed a program of new activity to his immediate chief: "I will help those who are unnecessary to leave!"

Becoming part of the commission to investigate absences, he did everything possible to annoy Bulanov even more. It sounds funny, but in its zeal the commission, clearly exceeding the powers granted to it, came to the point where to get the "whole picture" it sent an administration colleague to Yuriy Konstantinovich's old job (guess where—to Magadan!) with the charge of finding anything criminal in his personal affairs, say, did he get his first-class air-traffic-control [ATC] dispatcher's rank

legally? A quite dishonest and abnormal method was ultimately utilized to discredit and, at the same time, demoralize Bulanov. The physicians of the Central Clinical Hospital and Polyclinic of Aeroflot (recall that Kruppa had been an aide to the chief physician there) were persistently advised to look more closely into the psychological state of Yuriy Konstantinovich.

It is not hard to surmise the question: what of the party organization, the collective, where were they looking when they allowed an employee to be defamed who before the conflict had been known to be a specialist of the highest qualifications, with a good reputation, a thinking controller (he had completed the Civil Aviation Academy and courses for MGA [Ministry of Civil Aviation] specialists to work in the International Civil Aviation Organization (ICAO) and was chairman of a state commission on the graduation of ATC specialists and chairman of the trade-union bureau)?

And so, just where were they "looking"? The majority in Bulanov's collective... **condemned him**, taking the commission at its word.

Can it really be that the whole company is out of step and only one is in step? Let's not rush to answer.

Bulanov had been charged with drawing up the skill requirements for employees of the administration. It need not be elaborated, we think, how important the solid training of specialists guiding air traffic is.

Who could object, it would seem, to the sensible and, bluntly speaking, far from excessive requirements? Those that cannot meet those requirements. But that is just the point, that the overwhelming majority of the employees of the administration in no way fell within the bounds of the necessary qualifications! And should we really be surprised that in the face of the split that took shape in the collective, both the one and the other, "from the very youngest," will always be in the minority?

A System in Disorder

Well, they didn't get to the truth in Bulanov's collective. But they did in the party committee. The political administration, the deputy minister for flight services. Why didn't a single level of authority try to look beyond the turbulent crown of the prolonged conflict to its roots? Because, it was conceded to us, it is more advantageous and convenient to view the incident as a unique scandalous event, a so-called "labor squabble" outside the style and methods of personnel work in the ministry. Things are in truth quite otherwise: the written history of Bulanov largely sheds light on the remnants of wanton practices of past years, when those disagreeing with the opinion of the supervisor fell automatically into the category of "inconvenient" and, consequently, unsuitable.

The lawsuit of V. Sarman, who was illegally dismissed from the sector, against the Ministry of Civil Aviation (in the past he was first deputy commander of the Magan Air Detachment of the Yakutsk Civil Aviation Administration) has dragged on for many years. Neither the protest of the deputy general procurator of the USSR and the Supreme Court of the RSFSR nor the defense of the central newspaper, as well as party organs, has been able to alter the position of MGA, which does not want to restore him to his post. "We regard this by arbitrariness of the department," wrote USSR Supreme Court deputies G. Sukhanov and A. Novolodskiy to the editors.

Having found out that we were preparing a feature, people from the most varied subdivisions of the sector rushed to the editors—the Experimental Scientific Center for Automated Air-Traffic Control, the Aviaspetsmontazhnaladka [Aviation Special Installation and Set-Up] Administration and even the Leningrad Branch of Aeroprojekt [Central Office for the Surveying and Planning of Airlines and Airports]. Their stories were largely similar to the conflict around Bulanov.

And here is what really bothered us: all of these specialists came to the newspaper when they had become convinced that the ministry simply didn't want to understand and investigate the essence of what had happened. They came because the department had wrested them away, left them behind the closed door...

From the materials of the Civil Aviation Political Administration. "Over 1981-85, 25 chiefs of territorial administrations and 166 commanders of airports were released from their duties, while over 1986-87 it is nine chiefs of administrations and 62 commanders of airports. Over 1986-87 the ministry apparatus has released 8 deputy ministers and 23 administration chiefs, including 4 chiefs of GlavULS [Flight Services Main Administration]. Just 60 percent of the MGA party appointments list assigned to jobs came from reserve personnel."

It could be answered that the replacement of personnel was defined by the tasks connected with restructuring. There is probably a share of truth in this. But here is something else that is also noticeable to the naked eye: the turnover in the ministry has often been "horizontal"—the supervisor who was not pulling his weight is thoughtfully transplanted to another desk.

Say, for example, the chief of the former Political-Education Administration, N. Bulanov (a namesake of Yu. Bulanov), having had a party reprimand for bureaucratic administration and suppressing criticism in relation to the newspaper VOZDUSHNYY TRANSPORT, was put in charge of... the publisher of VOZDUSHNYY TRANSPORT.

It is enough to look at the lists of Aeroflot representatives abroad, and you can easily find the names of former ministry supervisors there.

Can it really be that civil aviation is so short of competent people able to represent its work abroad that even in the face of special courses at the Civil Aviation Academy, it rushes to strengthen overseas with the highest-ranking supervisors? Of course not, and that is certainly not the point. Work abroad is sometimes considered at the ministry as compensation for "moral inconveniences" in the former post.

From the Materials of the Political Administration. "Many of the colleagues of the MGA apparatus go to work at Aeroflot representations 2, 3 or 4 times. The expediency of a whole series of them, from the point of view of preparedness and "irreplaceability," is often simply inexplicable."

"His Own Man" in the Department

Surprising things can be found in the lists of specialists who, presented for posting abroad, were snatched "off the job" by the commission of the Political Administration. L. Petrova, a senior inspector of TsUVD of MGA (by direct affiliation—a secretary-typist for administration chief V. Shelkovnikov) who is being sent abroad, as testified to by the documents, does not know grammar well and types rather poorly.

Deserving particular attention, however, is A. Gridin—a candidate to work as an aide to the representative in Finland. His term of service in Aeroflot is a total of five years, and all five were under the wing of the Central Administration for International Air Connections. (The same place, by the way, where his sister works.)

Perhaps he is clearly gifted, manifested at an early age? We would like to believe this, but we are hindered by the fact that this cakewalk up the service ladder coincides with the consistent rise of his father—chairman of the aviation-workers trade-union central committee.

And this is, after all, not an isolated case. The children, brothers and in-laws of employees of the departmental apparatus or its various subdivisions—from the hotel director in Sheremetyevo to the deputy minister—somehow find their calling precisely in prolonged overseas business trips.

We would not presume to assert that they work badly to a man. It is just being asked why their kinship gives them advantages ahead of many others not a bit less capable than they in the selection of personnel for foreign activity.

Nepotism flourishes without concern in places where glasnost is held back, where democracy degenerates into demagoguery, where party monitoring is subordinated to seeking out "specks of dust" instead of throwing out dirt.

Well then, let's take a look at the work of the MGA party organization from this point of view.

From the Materials of the Political Administration. "The ministry party committee does not look like a reputable fighting organ with a clearly expressed and dedicated disposition, but like an organ operating to a considerable extent by instinct, apart, letting much go by and remain unfinished. The substance of its ideological work is so poor, the thrust of its activity so eroded, while the forms are so undeveloped, that it is even somehow awkward to speak of leadership on the part of the party committee. The conclusion inevitably arises that there is no leadership whatsoever."

These words are a distillation of opinions in party organizations of various subdivisions of the ministry. And consequently, the processes that have been taking shape for years within the administrative apparatus have actually not been affected by any genuine party influence.

The party committee has continued to adhere to the worst of its traditions—produce a bustle of sessions, paper generation, and formalism, trying to take cover from real life with a semblance of business. The party secretaries have changed, sent one after the other to Aeroflot offices in other countries, while the unsuitable style and methods of their work is adopted by their followers.

The sector, like the whole country, is at a crucial stage today. Preparations are being completed for a transition to new forms of management. The ministry apparatus has been charged with crucial functions: devising concepts for the development of civil aviation, prospective forecasts, long-term plans. And how distant the party committee has proven to be from this ultra-important business! And most importantly, the sacred duty of a party organ—the placement and education of the personnel—has proven to be in oblivion.

"Why, we are engaged in that," asserts party secretary Ye. Bubnov.

The personal affairs of the current chief of the Foreign Relations Administration, V. Samorukov, give a depiction of the principled manner in which the party committee is educating the personnel. Not long ago Moscow was rocked by a court trial of criminals pursuing trade. Among them were singled out the bribery and thievery of the director of the Dzerzhinsk Fruit and Vegetable Base, M. Ambarisumyan. He suffered the punishment he deserved. But we unexpectedly noticed his name... in the documents of the party commission of the Ministry of Civil Aviation party committee. "Unofficial ties" of the convicted Ambarisumyan and a member of this party commission, V. Samorukov, came to light. The director of the base, as stated in the documents, gave the chief of the MGA Foreign Relations Administration collections of fruit and vegetables "out of personal affection." And the latter, returning from abroad, settled up with imported goods with bright labels—whiskey, brand-name cigarettes, coffee...

Personal liking and relations are not limited just to in-kind exchanges: the two managers met at various banquets and tried to push Ambartsumyan's son up the service ladder. A modest dispatcher engaged in the registration of airline passengers and baggage checking, he was soon the representative of Aeroflot in an African country, and he was soon transferred to Europe.

But here is what is distinctive. The party organization of the Foreign Relations Administration rose up as one to the defense of their chief who had compromised himself, and they proposed his punishment be limited to... censure. The members of the party commission unanimously demanded that Samorukov be reprimanded with an entry into the report booklet for violating the norms of communist morality. And what position did the party committee take? It booted out the moral tinge and eased the phrasing and punishment. The matter ended with a reprimand. The image of party member Samorukov was "washed" almost white. And the resolution by which personnel administration chief and party committee member Yefimenko was charged with elucidating in what manner Ambartsumyan the younger came to be abroad is as yet unfulfilled. That is how everything ended.

Two personnel matters—two different evaluations. On one hand, suspicion of the absence of Yu. Bulanov and punishment of "the whole nine yards," and on the other hand, the ties of Samorukov with a criminal and clear half-measures. And a scandalous lack of principle in both cases.

Serious mistakes were committed in educating, placing and selecting personnel through the fault of the party committee in its reporting on the work in leading restructuring. And although a strained evaluation of "satisfactory" was given at a recent MGA party conference, it seems to us that this is a large and still unpaid IOU.

If the acute problems of the sectors, the events transpiring within the walls of the ministry, were the property of glasnost, if democratic principles had been developed more actively, its would have been possible to jettison the heavy ballast of the past long ago. But the efforts to rejuvenate the climate in the administrative apparatus are breaking up on an unforeseen wall. And how can they restructure here if they have take it into their heads, for example, to hear Deputy Minister I. Vasin at a party committee session, and then he lectures them rather than reports to them.

Moreover, there are things to ask him. Ivan Fedorovich oversees two administrations—air traffic and flight services. We are already familiar with the situation in TsUYD. It is no better in GlavULS, if we take results into the equation. The number of air accidents is not declining, and half of them occur due to the poor professional level of the crew. The task of the administration is precisely to render practical assistance to the localities in improving flight services, but they have no

time for that. A great deal of time is spent on composing various techniques and provisions, and while the paper maelstrom exhausts and eats away the strength of the main administration, matters are getting worse and worse in the subdepartmental enterprises. The number of gross disciplinary violations among crews grew by 20 percent, and the number of drinking bouts by 60 percent, over three quarters of this year! Is additional commentary really needed here?

Restructuring is supplanting the long-extant psychology painfully and with difficulty. But it must be restructured.

Do the bosses in the offices of the Ministry of Civil Aviation understand this? Many, we are profoundly convinced, do. Fresh manpower has come into the management of Aeroflot, and they are endeavoring to instill the long-awaited order. And judging by conversations with the new minister of civil aviation, Aleksandr Nikitovich Volkov, there are already changes for the better in the staff of the sector.

But the inertia of old approaches to business is still strong in middle management levels. The stratification movement of past years, when issues far from real sector problems and, the more so, from party principles were resolved behind a door tightly closed to outsiders, is being firmly retained. Oxygen is what the sector desperately needs on the eve of working under new management conditions. So that those who want to and can move forward, who take the rudder themselves, can breathe more easily. And they are, we believe, an absolute majority in the ministry and in Aeroflot.

And civil aviation is counting on such people.

12821

Il-86 Inflight Engine Failure

18290063 Tashkent PRAVDA VOSTOKA in Russian
13 Jan 88 p 4

[Report by PRAVDA VOSTOKA correspondent I. Lein: "Examination in the Sky: An Extreme Situation"; first three paragraphs are introductory]

[Text] Expressed in the language of official documents, an unforeseen critical situation developed on Flight 668 from Tashkent to Moscow, an Il-86 aircraft with 328 passengers on board.

Four of the crew knew very well how to proceed in unexpected situations. Various flight conditions had been reconstructed in simulators on the ground.

But there was nothing like this even in the three thick volumes of the flight manual which the pilots take with them.

The aircraft was following the course set for the autopilot, which was under the "command" of the on-board computer. The team of four powerful engines was taking the airliner confidently over the route put into the computer memory by a navigator on the ground. And suddenly...

In the fractions of a second before the instrument needles, which had "taken an interview" from electronic sensors, showed that one of the four engines had departed from its usual rhythm, Flight Engineer Rustam Attayevich Safayev felt that something was wrong. Later, on the ground, even he could not explain why.

The intuition of pilots, flight engineers, and navigators is a remarkable quality. There are hundreds of instruments in the cockpit of a modern aircraft. Dozens of them are in front of the flight engineer. But the attention of each member of the crew has been trained so that he manages to cover dozens of dials and panels at a glance and analyze a large amount of data in seconds. And he not only manages to "read" the instruments, he makes a decision as well. And it must be correct. Otherwise...

Flight Engineer R. Safayev shifted the controls for all four engines and noticed here that one was behaving differently from the other three, which were responding to the command. He tried again and again to bring it to life, but the instrument needle showed that the revolutions were falling slowly but relentlessly. After turning off the electronic system controlling the engine, the flight engineer, "turning over" in his mind in these few seconds the possible reasons for the malfunction, tried to bring the unresponsive engine to its senses.

The flight engineer informed the aircraft commander, Pilot First Class Boris Serafimovich Boltushkin, of the failure of the port outboard engine. A decision had to be made. "Measure seven times and cut once," they say about this very type of situation.

The engine's thrust, rated at 13 tons, went to 600 kilograms. Boltushkin decided not to shut down the engine completely, but to leave it idling: let it at least contribute to flight this way. Later, on the ground, the opinion of members of the commission investigating this ChP [emergency incident] was divided. But the landing confirmed that the commander was correct.

The engine is the heart of an aircraft. It may be arrhythmic. Only speed keeps an aircraft aloft. When it falls below a minimum point, there is a disaster. The thoughts and actions of the flight engineer were rapid, as if there were a third computer on board. But the engine was "gasping for breath." The altitude of 9,600 meters provided the time to make a decision.

Members of the crew considered various alternatives. Each one was able to make his own recommendation. But the decision was made by one of them—the aircraft commander. It was more than 2,500 kilometers to the destination airport.

Squadron Commander Konstantin Sergeyevich Pak was sitting in the copilot's seat on this flight instead of copilot Yevgeniy Davydov. Viktor Mikhaylovich Popov, a flight safety inspector in the Ministry of Civil Aviation, was also on board.

But the aircraft commander retained the right to make the decision. He had had experience in landing on three engines. That flight on 9 May 1985 was recalled like a flash of lightning. Over Penza on a flight to Moscow, an alarm was triggered on a fire in one of the engine nacelles. After shutting the engine down, the commander made his landing approach. Just as now, 40 minutes remained before landing.

A radio message was sent from the airbus in the area of Kzyl-Orda, compelling the regional ATC service controller to give a reverse heading to the airliner, which had taken off from the Tashkent Airport's runway 40 minutes ago. Tashkent already knew that there was an emergency. All the rescue facilities were pulled up to the runway in a few minutes; an emergency landing was expected.

The landing weight of the aircraft had to be reduced first of all. When a heavy airliner lands, a 1-meter layer of concrete sometimes gives way at the point of touchdown. But an emergency landing had to be made here. And in taking up a heading for Tashkent, the commander ordered that 16 tons of fuel be jettisoned.

It was necessary to keep the wings level with three engines on landing.

The flight continued for 1 hour and 25 minutes. Inspectors gave high marks to the crew for their actions.

The short commands, the radio communication with the ground, and the efficient, coordinated work of the entire crew headed by the commander, as well as the high psychological tension on the ground, in all the services which provide for a successful landing—these are purely external aspects of the flight.

A modern airliner is like both a scientific laboratory and a plant shop at the same time. Double and triple redundancy of all systems and avionics. And the sky remains the sky, all the same. Just as decades ago when we were flying the PO-2's and "annushki" [Antonov aircraft], a great deal depends on who is sitting in the aircraft commander's seat. The path to it is a long one for this reason. There is one "pass" here—flight hours accrued. But what is this 1 hour and 25 minutes to a person who has spent nearly 2 years in the air?

The ability to thoroughly analyze a situation from all points of view and make the correct decisions does not come all by itself, of course. Boris Serafimovich, who had accrued 17,000 hours, had confidence in his crew. Flight Engineer Rustam Attayevich may be compared with the chief engineer of a rather large enterprise. In accepting an aircraft from aircraft maintenance, radio and avionics engineers and by not limiting himself to a review of the necessary flight documentation, he scans, probes, and checks everything.

Nevertheless, there is no 100-percent guarantee against emergencies. The person who sits at the wheel, at the aircraft control levers, and at the on-board computer proves to be the most reliable of all. It is no coincidence that when the critical speed is determined on takeoff and the most important point of takeoff decision is reached, the aircraft commander controls the engines and the flight engineer supports all four engine controls with his hand to provide backup for the pilot.

The most accurate synchronization of actions is a condition for flight safety. And persons who know each other's characteristics as well as they know the aircraft and its systems can function this way.

Boris Serafimovich has flown nearly all types of aircraft in his life. He has witnessed how design concepts have developed, how the physical workloads of the pilot have become easier, how reliability has been improved and speed has been increased. But the psychological burdens have not become lighter. Pilots' responsibility has increased.

Flight Engineer R. Safayev has also flown in different types of aircraft, but he has also worked for several years at the aircraft maintenance base of the Tashkent Airport and has a good picture of the specific activities of all technical services which help to get an aircraft off the ground.

Yevgeniy Davydov, the copilot, is 5 minutes short of being an aircraft commander. He has the pilot's hand, as they say, of Boltushkin. Over their long hours together in the cockpit, he has unwittingly adopted the commander's flying technique.

You will not see pilots making abrupt movements. Each one is considered, like the movements of a tightrope walker. And the tightrope is the thin line of a course on the screen of an instrument; it depicts the movement of a small aircraft silhouette, which should not deviate from the assigned course. And their insurance, their safety line, is their cohesion and discipline.

The systems created by man sometimes go out of control. If such situations are not "taken into account," an emergency can get the better of man. But they are being taken into account.

The aircraft returned safely to base.

RAIL SYSTEMS

Moscow Area Rail Services, Capacities Examined *18290080 Moscow GUDOK in Russian 16 Feb 88 p 1*

[Article by V. Sluzhakov: "Without Forgetting the Passenger"; first paragraph is GUDOK introduction]

[Text] What steps are being taken to improve the operations and development of rail transport enterprises located in Moscow? These were discussed at a recent Ministry of Railways Collegium. Besides the branch directors, responsible workers from the party gorkom, the Council of People's Deputies ispolkom and the USSR Gosplan participated in it.

Almost 300 million rubles have been assimilated in the development of the Moscow transport hub during the 11th Five-Year Plan and the two years of the 12th Five-Year Plan. These impressive capital investments have primarily gone toward the reconstruction of classification yards, passenger stations and locomotive depots. The Moscow train stations are being renovated. Passengers on the suburban electric trains are also sensing a change. Twelve-car consists are now traveling on almost all avenues. The Kiev and Pavelets avenues are preparing to shift to 14-car consists. The demand, however, is so great that dual routes will be put into operation in the next year or two. Experience in working with them already exists.

Work is now also being performed in this same vein on long-distance passenger traffic. There are more and more 24-car trains. Capabilities, however, are still far from those desired. Receipt and dispatch track at the more heated stations: Moscow-Kurskaya, Moscow-Paveletskaya and Moscow-Kazanskaya, are not being expanded sufficiently. Carrying capacities have practically been exhausted here. The Moscow Railroad is trying — even if only partially — to put the first two into order by the peak summer traffic period using the forces of its own construction trusts. All of these, however, are half measures; they are not solving the problem. You see, there is still a shortage of 440 passenger cars for the summer schedule at a time when the delivery of only 324 has been provided for by industry. In this regard, more than half of them will arrive at the end of the year. How will the Moscow railroad workers extricate themselves?

In the opinion of Ministry of Railways directors who are responsible for passenger traffic, a real danger remains that last year's situation will be repeated: Then, tens of thousands of passengers were not able to depart in a timely fashion from the middle of July to the end of August.

Such is the reality. Passengers will have to consider this when selecting the time of their vacations; otherwise, it is possible to be stuck for a long time in ticket lines.

Those, who spoke during the Collegium session, talked a lot about measures that are being taken or should be undertaken. However, they somehow passed over what should be done to aid the capital. You see, it remains what it was before — the transfer point between the country's center and east and between its north and south. Of the thousands of transit passengers who while away the night in its train stations, many would avail themselves of direct trains, avoiding Moscow gladly — but there are extremely few direct trains and the attitude toward them, frankly speaking, is in accordance with a residual principle. People travel through the capital.

After last year's bitter experience, the problem of passenger traffic needs, as never before, nonstandard and bold solutions. One will hardly manage to overcome the problems, which have accumulated, using traditional methods. Here, there are no helpers and self-reports that are so kind to some directors. The specific passenger, for whose sake all of these millions and millions of rubles are seemingly being assimilated, sometimes falls from view behind the abundance of numbers that are expressed in several figures in reports. The bias towards absolute values practically does not provide a picture of the real state of affairs. For example, what is the difference today between the capabilities of the railroad workers and the requirements for transporting passengers, and when will it be reduced to a minimum? One can only conjecture about this. It seems that plans are being overfulfilled according to reports; however, if you glance at the editorial mail and into the train station, the same problems, about which they talked a year ago two years ago, exist....

There are quite a few difficulties and shortcomings in the operation of the Moscow subway. According to data from a thorough investigation of the three most crowded lines, the carrying capacity exceeds the design capacity 1.6-fold. With a norm of 170 persons, there are up to 300 people in a car during peak hours. The achieved level of work organization and technology does not satisfy modern requirements. As a result, the complaints of the Muscovites are fully justified. This year also began with interruptions in the work of the subway.

The subway workers deserve very serious reproaches for their derelictions in organizing labor and for their weakening of production discipline. Here, the collective and its party and trade union organizations have something to work on. However, their efforts alone are clearly insufficient. You see, modern highly reliable rolling stock, diagnostics and computerization in managing processes — all of this is still in the future.

In practice, we are encountering design solutions that are fifty years old. The plant for repairing rolling stock, which has already been under construction for 15 years, is oriented toward technically backward methods for sanitizing trains. A future escalator, which is equal to world models, is in the very initial stage of development.

Things are no better with cleaning equipment. The replacement of fire-hazardous equipment is occurring intolerably slowly. Construction norms and rules have required a review for a long time. The length of platforms and trains, the maximum passenger flow, the number of exits at a station, and the number of escalators are limited by these documents. The crushes at key stations are also programmed by these documents.

Thus, the subway needs serious reequipping and modernization today — and not only technically. Next year, the collective will have to shift to full cost accounting and self-financing. In order to insure loss-free operation, it is necessary to cover 57 million rubles of state subsidies during 1989. But how, when shipping costs increased 1.8-fold mainly due to increasing the length of the lines and the average distance of passenger trips during the last two dozen years or more? It already is 40 kilometers on the most strained lines (for comparison, it does not exceed three kilometers on surface urban transport). Eight million rubles goes for free travel in accordance with different privileges. Even if one were to be reimbursed for these and other losses, it would make no difference; according to the calculations of specialists, it turns out that it is difficult to count on profitability.

Moreover, in the opinion of specialists, even if the fare is doubled, the subway would become unprofitable again by 1995 because of the construction of new lines. What would happen then? Increase prices again? One cannot exclude that state subsidies will be preserved as, for example, in the fraternal countries because of the social importance of urban transport. Possibly, it is worthwhile to think about the fact that those enterprises in the city, whose workers use the services of the subway, should pay the difference to the subway.

In any event, it will be necessary to work seriously on questions relating to the reduction of subway transport costs. It is still considered quite normal for a subway train to travel constantly with the same composition (things are the same with electric trains) regardless of the number of passengers and for escalators to operate even if there is no one to carry. The subway directors have completely freed themselves from concerns about expanding services for passengers. You see, there is profit here. Many railroad station chiefs have already realized this.

No one argues that the importance of the work of Moscow's transport workers is enormous. Definite positive changes for the better have been outlined and it is necessary to support them in every way possible — however, without kettledrums and without forgetting that everything is being done not for reported train-passenger-kilometers but for the sake of concrete people.

08802

END

END OF

FICHE

DATE FILMED

12 May 1988